Canada's Export Development Plan for FRANCE

External Affairs
Canada

Affaires extérieures
Canada

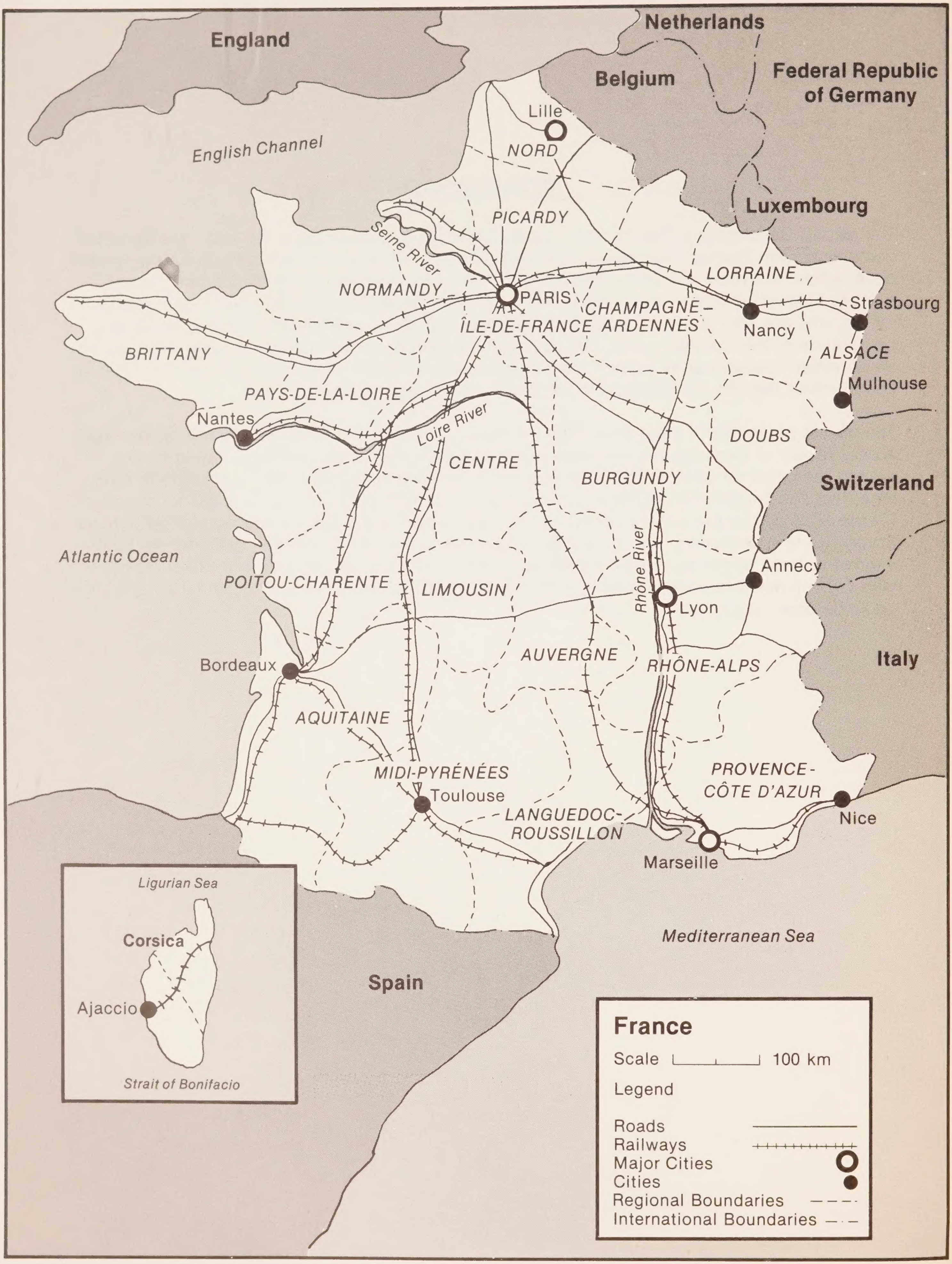
Canada's Export Development Plan for France

JUNE 1983

FOREWORD

This Export Development Plan has been prepared to assist Canadians to expand trade and economic links with France. The review and analysis of this market provide the basis for the market development activities in France over the next two to three years, as planned by the Department of External Affairs in conjunction with other federal departments. The provincial governments, who are also active in supporting Canadian exporters, have been consulted during the preparation of this market outline. The development plan does not attempt to cover exhaustively all Canadian interests or all French market opportunities. Rather, it focuses on significant sector opportunities that are consistent with Canadian supply capabilities.

The plan is presented in three parts. The introductory portion, the *Executive Summary*, provides a brief review of Canadian-French trade relations and highlights the principal market opportunities identified for each of the industry sectors included in the plan. *Part I*, the *Market Overview*, focuses on bilateral Canada-France relationships and economic and political conditions in France. This will be particularly useful to the reader seeking a broad introduction to the Canada-France trade environment. *Part II, Market Opportunities and Sector Marketing Plans*, will be of interest to firms supplying goods and services in the selected sectors and to those companies who foresee possible co-operation in third country markets or believe that industrial co-operation could be opportune.


England
Netherlands
Belgium
Federal Republic of Germany
Luxembourg
Switzerland
Italy
Spain
English Channel
Atlantic Ocean
Mediterranean Sea
Seine River
Loire River
Rhône River
Lille
NORD
PICARDY
NORMANDY
PARIS
ÎLE-DE-FRANCE
CHAMPAGNE-ARDENNES
LORRAINE
Nancy
Strasbourg
ALSACE
Mulhouse
BRITTANY
PAYS-DE-LA-LOIRE
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CENTRE
BURGUNDY
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LIMOUSIN
Annecy
Lyon
AUVERGNE
RHÔNE-ALPS
Bordeaux
AQUITAINE
MIDI-PYRÉNÉES
Toulouse
LANGUEDOC-ROUSSILLON
PROVENCE-CÔTE D'AZUR
Nice
Marseille
Ligurian Sea
Corsica
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EXECUTIVE SUMMARY

Objective

This Export Development Plan is intended to assist the Canadian business community to expand its economic relations with France, in terms of both exports and industrial co-operation. This plan is one of a series that is being prepared as part of the federal government policy to better focus and co-ordinate Canada's export marketing efforts.

The detailed goals of this plan are:

1. to provide a framework for federal government action and resource allocation in establishing an effective program of assistance to exporters and in fostering an environment conducive to the expansion of economic relations between Canada and France;
2. to design a marketing plan that takes advantage of the market opportunities and overcomes the constraints affecting Canadian exports to France;
3. to identify opportunities for export development and to stimulate and assist the private sector to pursue them;
4. to establish a focal point for co-ordinating the marketing efforts of the federal government, provincial governments and the private sector.

The latter goal reflects the recognition by the federal government of the critical role of the private sector and the valuable contribution of the provincial governments in meeting the objective of expanding Canada's share of the French market.

Introduction

The primary fact of trade between Canada and France is its relative low volume. The two countries provide less than 1 per cent of each other's trade, a proportion that has hardly fluctuated over the years. While France is Canada's eighth largest trading partner (1982), Canada ranks twenty-second among France's trading partners (1981). Traditionally, Canada has registered yearly trade deficits with France, but this trend reversed itself in 1980 and 1981 and surpluses were recorded for both years. In 1982, Canada had a trade deficit of $167 million.

French businessmen are becoming bolder and are looking at this continent as a large market for their products, an economically and politically stable area attractive to investors, and a good provider of natural resources. Canadians, who traditionally preferred the closer and more open market south of the border, are now directing their efforts toward other potentially profitable markets.

Recent Canadian Trade Facilitation Efforts

Being the undisputed commercial and financial centre of France, Paris hosts one of Canada's most important trade delegations. Trade officials at the Canadian Embassy have been very much involved in promoting Canadian trade to France and making Canadian and French businessmen aware of investment opportunities.

One of Canada's major promotional efforts has centred on participation in key international fairs held in Paris and other major European cities. These fairs afford Canadian exporters the opportunity to present their products, find suitable agents/representatives and, in some cases, partners for joint ventures.

In addition to trade fairs, a steady flow of business visitors from Canada to France has taken place, either as individuals or in the form of multi-company missions organized by the federal and provincial governments. Also, individual firms have used extensively the Program for Export Market Development (PEMD) to support market identification or to sustain their marketing effort.

The provinces have taken an active part in establishing durable trade relations as well as promoting investment opportunities. Notably, the provinces of Québec and Ontario have permanent representatives in Paris while Nova Scotia, Saskatchewan, British Columbia and Alberta have offices in London with easy and frequent access to France.

A large number of high-level government meetings and visits, a variety of trade and industrial co-operation missions and one bilateral economic consultation occurred in the last two years. Recently, the formation of a high-level businessmen's group was announced by Prime Minister Trudeau during his visit to France in November 1982.

Non-governmental organizations, such as the Canada-France Chamber of Commerce in Paris and the French Chamber of Commerce in Canada, have helped create an environment where expanded trade links can flourish. In addition, four Canadian commercial banks have offices in Paris while a number of French banks are operating in Canada.

Future Market Opportunities

The government of President François Mitterrand has admittedly launched a program to reconquer the domestic market. Trade opportunities, however, will continue to exist in sectors where French capabilities and natural resources are lacking or where complementarity or compatibility exist.

Canada and France should be able to profit from industrial co-operation opportunities in the form of direct investments and transfer of technology through licensing or joint ventures. The main reasons for the French turn towards Canada are that Canada has the resources and stability required for sound business development. Also, energy, skilled labour and proximity to the largest market in the world attract direct investments; finally, appealing Cana-

dian programs and industrial co-operation opportunities will favour incoming transfer of technology.

The following are those sectors where it has been established that a concentrated support by the Canadian government can play a critical role in expanding Canada's market share and presence:

1. *Computers and Related Products*: Canadian firms in these sectors have demonstrated excellent export capabilities. Currently, Europe is the destination for an important portion of the exports of Canadian firms in this field. Although one can expect an overall restrictive attitude from France in the years to come, its needs for computer-related products are too important in certain areas of the sector to close its doors to imports.
2. *Fisheries Products*: Declining French landings and increased consumption are contributing factors to France becoming a major importer of fisheries products. The landings, which have decreased due to the depletion of traditional fishing grounds and reduced access to territorial waters, are expected to remain static but annual consumption, which is one of the highest in the world at 21.5 kg per capita, should increase to 23.5-24 kg by 1985 when the population will be 57 million.
3. *Packaging and Labelling Equipment*: In spite of increased production by French manufacturers during the 1970s, the country is still heavily dependent on imports. In fact, about 80 per cent of the domestic market is supplied by foreign manufacturers. The best possibilities for Canadian manufacturers appear to be in food and dairy products, pharmaceuticals and cosmetics, as well as soft drinks and beer.
4. *Energy Products*: The energy policy of France offers opportunity for Canadian coal and possibly Canadian Arctic natural gas, if the latter is successfully developed. France intends, by 1990, that petroleum will represent no more than a one-third share of its total energy utilization. The most important gains will be in the nuclear power sector and, to a lesser extent, in coal and natural gas. The French government has a policy to diversify its suppliers of coal and natural gas and Canada is an attractive candidate for sharing in France's import requirements.
5. *Automotive Parts*: The opportunities will originate mainly from the Autopact agreement and the Duty Remission Program. The Autopact affects Canada's sales to Renault-America and indirectly encourages Renault suppliers to establish themselves in North America. The Peugeot-Citroën group provides a small but growing outlet for Canada's industry and its efforts to source in Canada, due to the Duty Remission Program, are heartening.
6. *Co-operation in Third Countries*: The potential exists a) in third-country capital projects for which French firms are showing an increasing interest in co-operating with Canadian consulting firms; and b) for participation in third-country markets through French trading companies established in former dependencies and other African nations as well as through Middle-East firms based in Paris.
7. *Industrial Co-operation*: There are many sectors which offer opportunities for Canadian and French concerns. A number of industrial co-operation areas have been identified, notably: aerospace, defence products, robotics, mining equipment, automobile, energy and electronics.

Notwithstanding the priority emphasis being proposed for these sectors, the government will continue to give support through its regular programs to activities in any other areas that have good past performance, have a good potential and generally contribute to export development. Some of the important sectors not covered in detail by this plan, which will receive continued assistance, are: pulp and paper, timber frame, meat products, chemicals and petrochemicals.

Overall Strategy

The strategy outlined in this market development plan for France is intended to improve the present status of Canada as trading partner and to strengthen economic linkages between the two countries, through the identification of opportunities to assist Canadian firms in pursuing trade and industrial co-operation. These opportunities, discussed separately and in detail later in this document, are complemented by explicit steps designed to realize them. The Summarized Action Plan which follows this chapter presents the new and existing instruments that will be employed by the federal government to this end.

Continued use of the Fairs and Missions Program is planned. The key international fairs in France, as well as those in other countries in Europe having an important impact in France, will continue to receive special attention, with emphasis on the priority sectors previously identified. For certain priority sectors, incoming and/or outgoing missions will be organized. Utilization of the Program for Export Market Development (PEMD) will be promoted, particularly with regard to those sections that help companies assess a market, support participation in trade fairs and encourage sustained market development.

The overall responsibility for co-ordinating the implementation of this market development plan resides with the Western Europe Division of the Office of Trade Development, Europe, Department of External Affairs. The respective Industry Sector Branches and Regional Offices of the Department of Industry, Trade and Commerce/Regional Economic Expansion will contribute importantly to the realization of the plan. Co-ordinating closely with all of these, and providing essential assistance in the market itself, will be the Commercial Division of the Canadian Embassy in Paris. Provincial trade counsellors, whether based in Europe or in the provincial capitals, have a major part to play in this plan by advising their respective industries on the potential, the assistance available and the proposed action plans.

SUMMARIZED ACTION PLAN

TIMING	ACTIVITIES AND EVENTS	PRIME RESPONSIBILITY CENTRE*
	Computers and Related Products	
Ongoing	Utilization of PEMD-B and PEMD-F in support of market identification and sustained export market development by Canadian firms.	DEW/FELA
1983	Assist companies with complementary products to develop a common approach to increase their impact on the French market.	FELA/Embassy, Paris
1983-1984	Participate in International Data Processing, Remote Processing, Communication and Office Organization Trade Fair (SICOB)	FELA/DEW Embassy, Paris
1983-1984	Market data on potential for specific Canadian equipment will be prepared for utilization by Canadian manufacturers.	Embassy, Paris FELA
1984	Participate in the Hanover fair.	DEW/FELA Consulate General, Hamburg
	Fisheries Products	
Ongoing	Make Canadian firms more aware of the requirements for entry into the French fish market.	Embassy, Paris EFCP
	Provision of information to Canadian exporters pertaining to developments in the EEC and France which may affect access to the market.	Embassy, Paris BREEC
	Promote and facilitate co-pack agreements and long-term contracts with French wholesalers and processors.	Embassy, Paris EFCP
	Utilization of PEMD-Food in support of Canadian exporters seeking to develop markets in France.	EFCP/DEW
1983	Sponsor official participation in ANUGA, (in Cologne, F.R.G.)	EFCP/DEW Embassy, Paris Consulate General Duesseldorf
1983	Research market possibilities for non-traditional fish species.	Embassy, Paris EFCP
1983-1984	Research possibilities for marketing fish to third countries through French-based companies.	Embassy, Paris EFCP
1984	Participation in International Food Products Exhibition (SIAL)	EFCP/Embassy Paris
	Packaging and Labelling Equipment	
Ongoing	Support and assist companies participating at key fairs and exhibits in Europe and encourage these companies to follow-up with the assistance of PEMD.	GMEE/DEW Embassy, Paris
1983	Update technical brochures.	GMEE
	Energy Products	
Ongoing	Monitor coal and natural gas demand in France as well as the French government plans for energy reconversion; inform the Canadian industry.	Embassy, Paris
	Organize missions of potential French investors to Canada.	Embassy, Paris DEW/GRPI
1983	Undertake a comparative study of transportation costs for coal.	GRPI

* The symbols for contacts are listed in the Glossary of Abbreviations, page 42. The federal contacts indicated have the primary responsibility for the implementation of the activities/events; others (not listed herein) may have secondary responsibilities.

	Automotive Parts	
Ongoing	Expand contacts with purchasing services of Renault Véhicules Industriels to apprise them of Canadian capabilities.	Embassy, Paris
	Utilization of PEMD-B (market identification) and PEMD-F (sustained export market development) in support of qualified Canadian firms.	DEW/FAMR
1983	Research the viability of the market for auto accessories to serve as a basis for participation in Équip' Auto Fair in Paris; and place articles in a key French auto magazine.	Embassy, Paris FAMR
1983-1984	Participation in the SITEV Show (Geneva).	FAMR/DEW
1984	Participation of Canadian manufacturers of after-market parts and accessories in Automechanika in Frankfurt.	FAMR/DEW
	Co-operation with French Firms in Third Countries	
Ongoing	Early identification of capital projects and timely referral to the Canadian industry.	DEW/Embassy, Paris ITC/DREE. Sector Branches
	Establish more frequent contacts with French consulting engineers, contractors and their associations.	Embassy, Paris
1983	Organize an incoming mission to encourage Europeans involved in capital projects to source in Canada.	GMEE/Embassy Paris
1983	Establish contacts with French trading companies dealing in third countries as well as Middle East companies based in Paris.	Embassy, Paris
1983-1984	Encourage French trading companies to visit Canada under the Incoming Buyers Program and encourage qualified Canadian firms visiting France, under the aegis of PEMD-B, to make contacts with trading companies based in France.	DEW/Embassy, Paris ITC/DREE. Sector Branches
	Industrial Co-operation	
Ongoing	Assessment of French policies and planning initiatives to counsel private industry and federal and provincial officials.	Embassy, Paris
1983-1984	Organize and participate in investment seminars in key cities in France.	Embassy, Paris
1983-1984	Organize industrial co-operation missions to France.	DEW/ITC/DREE. Sector Branches
1983-1984	Expand contacts with French officials and business interests to encourage maximum participation in co-operation projects.	Embassy, Paris

I. MARKET OVERVIEW

OBJECTIVE

The adoption of a more focused system and increased co-ordination of Canada's marketing activities are the main themes of the *Canadian Export Strategy for the 1980s*, approved by the Cabinet Committee on Economic Development. The development of two-to-three-year marketing plans for Canada's priority markets is an essential element of this strategy. The present document, one in a series, describes an export development plan for France. This plan consists of:

- establishing a strategic framework to guide activities and the allocation of federal resources by providing effective assistance to the expansion of exports to France;
- developing a marketing plan so that those involved are able to take advantage of existing opportunities and overcome the constraints to Canadian exports to France;
- providing a working document which will serve as the basis for discussions aimed at co-ordinating the marketing activities of the federal government in co-operation with the provinces and the private sector.

THE CANADIAN/FRENCH ENVIRONMENT

Bilateral trade accounts for less than 1 per cent of Canada's total foreign trade. With a view to remedying this situation, this plan seeks to increase bilateral trade, technological exchanges, joint ventures, and investments.

CHARACTERISTICS OF THE FRENCH MARKET

1. Environment and Population

Metropolitan France, with an area of 543,998 km^2 (210,038 square miles) is the largest country in Europe with the exception of the U.S.S.R. The island of Corsica, five overseas departments and a further five territories also form an integral part of the Republic. The population of France is about 54.5 million. Paris, the capital and largest city, has a population of 10 million. Other principal cities are Lyon — 1.15 million, Marseille — 1 million, and Lille — 1 million.

France is a Presidential Republic. The 1958 constitution vests legislative power in a bicameral Parliament, comprising a National Assembly of 491 members (474 for metropolitan France and 17 for overseas departments), who are directly elected by universal adult suffrage for five years, and a Senate of 305 members, elected by the "conseillers généraux", who are delegated by the councils of the 3,629 cantons. Senate members are elected for nine years, with one-third of the seats being renewable every three years.

The President is elected by direct universal suffrage for a term of seven years. The President selects a Prime Minister and, on the latter's recommendation, members of the government are appointed.

2. Macro-economic Trends

Since its election in May 1981, the Mitterrand government has taken a series of measures to implement a program of socio-economic reform. After a first year in which the French government fostered employment through expansionary policies, priority shifted to the combat against inflation.

Despite this, the per capita GDP — $13,217 — was one of the highest of any industrialized country. The standard of living in France has risen dramatically since World War II and is now one of the highest in Europe. From 1973 to 1979, the purchasing power of the French rose by more than 23 per cent, though it has levelled off somewhat since then.

One of the major objectives of the French government is to remain competitive in the international goods and services market. France, as a major industrial world power, is the fourth largest exporter. During the 1970s, France's exports quadrupled, giving it the best overall economic performance of any major industrialized country. It should also be mentioned that France was the second largest exporter of industrialized goods, surpassed only by Japan.

Until the formation of the Common Market, France had been largely self-sufficient and had concentrated on its domestic market, its post-war reconstruction problems, and trade with its dependencies. With the elimination of tariff barriers between Common Market countries, French companies were forced to improve their ability to compete in domestic and international markets.

3. Nationalization Program

The outcome of the presidential election of May 1981 caused widespread concern in local and foreign financial communities. The new socialist government immediately set to work implementing several important aspects of its election platform, particularly the nationalization of all the remaining private French banks and the five most important industrial groups. In effect, approximately 30 per cent of French industry is state-controlled.

In an historical light, however, the nationalization program is not as radical as one might think. France has always had one of the most centralized economies in Western Europe and there has always been state intervention in almost every sector of commercial activity.

Most of the banks, insurance companies and industries, controlled by the French state before the election of François Mitterrand, were brought under state control by de Gaulle after World War II. There has also been regular involvement of the state, under various governments, in the private sector — either as a shareholder, a client, a planner, a seller linking major foreign contracts to greater economic or politi-

cal benefits, or as a source of government loans and contracts. By early 1981, the state already owned or held a controlling interest in more than 900 companies in the area of banking, insurance, chemicals, armaments, transportation and so on.

Although trade remains for the most part in the hands of the private sector, nationalization almost doubled the percentage of total sales of companies in which the French government has an interest. State control in the capital goods sector rose from 15 to 29.8 per cent; in the consumer goods sector, from less than 7 per cent to 30 per cent. According to the government, after the full implementation of the nationalization program, nationalized concerns will account for 17 per cent of the GNP, as compared to 12 per cent previously. However, given the increased influence and the very nature of the groups which are being nationalized, there will be few sectors in which the state will not be involved, in addition to exercising a quasi-monopoly over the national credit system.

The expansion of the public sector is an essential feature in the present government's basic strategy to revive the economy, reduce unemployment, combat inflation and promote new investment. The state appears to be taking control of assets which, because of their importance, will be used to serve the national interest.

4. Trade Policy and Characteristics

Prior to 1958, the French economic system revolved mainly around the domestic market and the franc zone (colonies). It was a protected economy which had rather fragmented units of production and little competition, and which resorted to outside financial assistance to cover deficits incurred through imports. In the early sixties, France resolutely embarked on a policy of more open relations with other countries and a geographical reorientation of trade. Today, it is the fourth largest trading nation in the world after the United States, West Germany and Japan.

France's trade policy appears to have had a remarkably stimulative effect on foreign trade since the share of the gross national product coming from exports rose between 1962 and 1980 from 10 to 17 per cent. In 1981, France was still the fourth world exporter with U.S. $101 billion, behind the United States ($233 billion), West Germany ($192 billion) and Japan ($150.5 billion). It was also fourth in the world with respect to imports with $134 billion in 1981. The same three countries preceded it with $241, $185 and $139 billion respectively.

In the past three years, France has recorded trade deficits of 62, 59.4 and 93.3 billion francs respectively for 1980, 1981 and 1982. Exports rose by 9 per cent in 1979, 3.5 per cent in 1980 and 15 per cent in 1981; imports increased 12 per cent in 1979, 6 per cent in 1980 and 15 per cent in 1981.

Almost half of France's foreign trade is conducted with its European Economic Community (EEC) partners. In 1981, for example, 48.2 per cent of its total exports went to its EEC partners and, in return, 45.3 per cent of its total imports came from these same countries. The OPEC countries were the source of 13.9 per cent of France's imports and received 4.8 per cent of its exports. Of all these countries, West Germany was France's major trading partner, receiving 14.8 per cent of France's exports and providing 15.9 per cent of its imports.

5. Investment Policy

Although France is open to foreign investment, its policy since the end of World War II has been to subject all proposals for direct foreign investment to a review process and to reject any investment proposal which is not compatible with the national interest. Consequently, with only a few exceptions, authorization is required for any new direct investment or acquisition in France by a non-resident or by a foreign company already established in the country. An interministerial committee analyzes foreign investment proposals and makes recommendations.

France uses foreign investment to further its national economic development objectives. Foreign investment projects which bring new technology or knowledge, increase exports or create employment are therefore favoured. However, those which involve the acquisition of firms in strategic sectors such as telecommunications, nuclear power, armaments, oil or steel are discouraged. In addition, firms controlled by foreign interests cannot participate in the traditional nationalized sectors (radio, television, railways, gas and electricity).

Foreign investors can take advantage of the same local financing options as French companies, including regional development assistance provided by the Délégation à l'aménagement du territoire et à l'action régionale (DATAR) [delegation for land planning and regional action].

CHARACTERISTICS OF BILATERAL TRADE

1. Trends in Canada-France Trade

a) *General Context*

The first observation which must be made regarding economic relations between France and Canada is the low volume of trade. The two countries account for less than 1 per cent of each other's foreign trade. While France is Canada's eighth largest trading partner (1982), Canada ranks twenty-second among France's trading partners (1981). In 1980 and 1981, Canada did not have its customary deficits in trade with France: a surplus of $226.6 million for Canada was registered in 1980 and another surplus of nearly $125 million was recorded in 1981. In 1982, however, a deficit of $167 million was registered (See Table 1).

A study of Tables II and III reveals that Canada-France trade involves a wide range of products. It should be noted that Canada exports primarily raw materials whereas France exports mainly consumer goods (wine, automobiles, printed material, and so on).

Why is it that France (which is the fourth largest trading nation in the world) and Canada, both of which have a tradition of international trade, have not managed to establish stronger trade links? There are several reasons:

- Canadian and French business people are not very familiar with the existing opportunities in the other country's market.
- Members of the Canadian business community are accustomed to a market, such as that of the United States, which is relatively free of obstacles to trade and tend to be discouraged by the restrictive regulations in Europe.
- Current intercorporate trade between the two countries does not reflect their potential for reciprocal investment.
- Approaches to and methods of conducting business differ considerably in the two countries and, in order to bridge this gap, there must be more frequent contact.

b) *Exports*

From 1980 to 1981, Canadian exports to France decreased by 2.3 per cent. According to Statistics Canada, Canada's exports in 1982 declined a further 27.6 per cent to $705.4 million (as compared to a decrease of 15.6 per cent in exports to the European Economic Community as a whole). The drop in our sales of uranium caused by the decline in the estimated demand for nuclear electricity and the consequent readjustment in stockpiling policies, combined with the rise of the dollar and devaluation of the franc, are the main causes for Canada's total export reduction and consequently for the deficit of $167 million. Other contributing factors are the decline in sales of forest products and dwindling sales of ores.

Sales of finished products to France totalled $135.8 million in 1982 (19.4 per cent of our total exports to France), a performance slightly better than that recorded in our exports to the European Economic Community as a whole (15.9 per cent).

c) *Imports*

Products imported from France are composed of finished items (i.e. 57.5 per cent) as well as by consumer goods (more than half of which go to Québec, although its position as a point of entry may have a distorting effect).

Tables II and III show that imports, in categories of products valued in excess of $10 million, accounted for 53.1 per cent of Canada's imports from France in 1981, whereas the total of Canada's export categories, valued at more than $10 million, constituted 69.4 per cent of Canada's sales to France. This implies that France enjoys a more broadly-based market situation in Canada than Canada does in France.

The main increases in French exports to Canada in 1982 were in passenger automobiles and chassis (+$43.7 million), specialized machinery (+$36.4 million) and non-distilled beverages (+$17.4 million). The largest and most significant decreases were in plate, sheet and strip steel (–$38.6 million) and in transportation equipment (–$19.6 million) (refer to Table III).

d) *Investment*

At the end of 1978, France was the ninth ranked country for Canadian investment with a total of $215 million, up $28 million from the previous year. Among the main Canadian investors in France are: Alcan, Polysar, Massey-Ferguson, Inco, Seagrams, Hiram-Walker, Denison Mines, Bata, Campeau, Robert Morse, Cercast, Lavalin, SNC and Velan Engineering; and, more recently, McCain Foods Ltd.

French investment in Canada totalled $656 million at the end of 1978, an increase of $3 million over 1977. This accounted for 1.4 per cent of all foreign investment in Canada. On this basis, France is the sixth largest foreign investor in Canada, preceded by the United States, Britain, West Germany, the Netherlands and Switzerland. However, if the figures of Canadian subsidiaries of French-controlled[1] firms at the end of 1978 are taken into account, French investment in Canada totalled $2,484 million, putting France in third place behind the United States and Britain. On this basis, French investment in Canada represents 3.5 per cent of total foreign control.

(1) The capital of the controlled firm includes that of the main shareholder plus that of other shareholders, including Canadians.

The magazine Financial Post 500, 1982, lists the following four firms, which constitute only a small portion of the French presence in Canada:

FIRM	ASSETS ($ millions)
BNP Canada Inc.	1,127
Canada Cement Lafarge Ltd.	1,520
Crédit Lyonnais Canada	864
B G Checo International Ltd.	33
TOTAL	$3,544

It should be noted that Elf-Aquitaine of Canada was acquired by the Canada Development Corporation (CDC) in 1981 for $1.12 billion. This may have lowered French investment in Canada by 10 to 15 per cent.

Some of the other major French investors are: Michelin, Air Liquide, BRGM, Charbonnages de France, Ski Rossignol, Leroy-Somer, Promecan, Société Générale, Solomon, Thomson-CSF, CGE, and Amok Technip. The French government recently increased its control considerably over Canadian subsidiaries of French companies (about 30) through the nationalization of five major French industrial groups: Pechiney-Ugine-Kuhlmann, Compagnie Générale d'Électricité, Saint-Gobain, Thomson-Brandt and Rhône-Poulenc.

There has been an increase in French investment in the resources (primarily uranium and coal) and automotive sectors in recent years and this trend is expected to continue. In addition, French small and medium-size businesses will continue to view Canada and particularly Québec (partly because of the language factor), as the ideal springboard for breaking into the North American market.

2. Trade Policy

The General Agreement on Tariffs and Trade (GATT) establishes the multilateral framework for trade between Canada and France (which participates as a member of the European Economic Community (EEC)).

After announcing its Third-Option policy in 1972, Canada negotiated a Framework Agreement for Commercial and Economic Co-operation between Canada and the European Communities. This Framework Agreement encouraged consultation and co-operation on a wide range of subjects. It also allowed greater emphasis to be put on industrial co-operation activities rather than on strictly commercial ones. Technical and scientific co-operation, investment, co-participation and inter-corporate links would be favoured. Although the Framework Agreement established a co-ordination procedure, it also recognized that the private sectors of both parties would have an important role to play if the Framework Agreement were to be effective. While the official Framework Agreement has already given rise to some activities, its overall impact has, so far, not been as great as one might have hoped.

The bilateral relations between Canada and the EEC affect Canada-France trade relations, particularly with regard to tariffs and market access. At present, approximately 40 per cent of our exports enter EEC countries duty-free. Canadian negotiators and the business community continue to believe that tariff and non-tariff barriers substantially hinder trade with the Community in semi-processed products, manufactured products and agricultural products. In addition, access to high-technology markets, where government procurement is very important (for example, in the areas of transportation and telecommunications), is still being restricted.

A more specific trade link was established in the early 1950s with the creation of the Canada-France Economic Commission (CFEC). This commission, which meets at least once every three years, was raised to the ministerial level in 1974. The objectives and operations of the CFEC will be discussed in the next section.

INSTRUMENTS OF TRADE DEVELOPMENT AND INDUSTRIAL CO-OPERATION

1. Promotion of Trade

In addition to having a large trade delegation in Paris, the Canadian government, through the Department of External Affairs, provides considerable assistance to members of the business community who wish to export to France. Moreover, all the provinces have very active promotional programs. In particular, Québec and Ontario have permanent representatives in Paris; Nova Scotia, Saskatchewan, British Columbia, and Alberta have representatives in London who regularly visit their contacts in France.

The federal Program for Export Market Development (PEMD), set up in 1971, has been very popular. Since its inception more than 550 applications have been approved for France. The most important sections of the program have been Section B — Market Identification (318 applications approved), followed by Section C — Participation in Trade Fairs (180 applications approved). The economic benefits generated by all the sections have been estimated at $27.5 million.

The federal and provincial governments provide logistical and financial aid to Canadian companies wishing to exhibit their products at international trade fairs held in France. Canadians have traditionally participated in six such exhibitions:

SIA	—	International Agriculture Show
SIMA	—	International Exhibition of Farm Machinery
*SIAE	—	International Aeronautical and Space Exhibition
*BATIMAT	—	International Building Exhibition
*SIAL	—	International Food Products Exhibition
SICOB	—	International Data Processing, Remote Processing, Communication and Office Organization Trade Fair

* held every two years

Canadian participation in several trade fairs held in other Western European countries also has an impact on the French market because of the wide European reach of these fairs.

Other important instruments for trade and industrial expansion are the missions of Canadian businessmen and women to France and vice versa. A mission of franchisers to France was successful, as was a French mission to Canada interested in coal mines. More recently, two industrial co-operation missions for small businesses (agri-food and plastic wrappings) took place. In June 1982, an industrial robot co-operation mission met in France with 23 participants of the French robot industry. Other missions dealing with automobile parts, computer peripherals and terminals and new sources of energy are planned.

2. The Canada-France Economic Commission (CFEC)

Since its creation in 1950, the CFEC has met 11 times. The last four meetings (June 1975, January 1977, October 1980 and April 1982) were held at the ministerial level.

The CFEC includes two working groups: a Working Group on Industry and Agriculture and a Working Group on Energy and Raw Materials. Subjects of mutual interest are submitted to the working groups who prepare reports for the ministers attending Commission meetings.

In the past, the CFEC has given the two countries the opportunity to examine economic and trade relations and find means of encouraging exchanges. Each country has stated its general or specific trade objectives. Canada has expressed the desire to expand the range of its exports, especially its manufactured products. France, on the other hand, has traditionally pursued large-scale projects (Montréal subway, Olympic stadium, Renault plant, sale of Airbuses to Air Canada, and so on). In the past, one of the aspects which dominated some meetings was the exchange of grievances with respect to obstacles to reciprocal trade. There is now a stronger tendency to seek areas of common interest for possible co-operation. The CFEC also reviews government policies affecting trade between the two countries as well as industrial co-operation projects.

3. Chambers of Commerce

The Canada-France Chamber of Commerce (CFCC) in Paris and the French Chamber of Commerce in Canada provide information to businessmen interested in investing or exporting in France or Canada. The CFCC publishes annually a guide on how to do business in each country. Both Chambers of Commerce also organize speaking luncheons and conferences.

4. Canada-France Business Group

During Prime Minister Trudeau's visit to France in November 1982, the formation of a Committee of senior Canadian and French businessmen was announced. This private sector initiative will aim at strenghtening the existing links between the business community of the two countries, at encouraging industrial co-operation and investment, and at studying the possibility of co-operative business ventures in third country markets.

II. MARKET OPPORTUNITIES AND SECTOR MARKETING PLANS

PRIORITY SECTOR IDENTIFICATION

This analysis of the French market identifies a number of sectors where requirements match Canadian expertise and capabilities. Marketing efforts in these priority sectors should produce increased sales of Canadian products and improve industrial co-operation. The five sectors selected are areas in which Canadians have a competitive advantage. One sector, i.e. fish products, has had an historically significant export advantage and Canada can expect to increase its market share. The other sectors, i.e. computer products, packaging and labelling equipment, energy and automotive parts have generally had limited success but important potential exists for growth of Canadian exports to the French market. Discussed separately are opportunities for co-operation with French firms in third countries and industrial co-operation.

1. COMPUTERS AND RELATED PRODUCTS

The Opportunity

France has many economic, political, strategic and commercial reasons to want to recover its domestic market and increase its share of the world market. For these purposes, the French government intends a) to promote mergers in order to have its industry attain international size and expertise; b) to release substantial funds for research and subsidies to the industry; c) to rationalize production in certain areas, i.e. optical fibres, telecommunications, etc.; d) to try to form a common front with other European producers against the invasion of U.S. and Japanese computer industries; and, e) to promote investments abroad in order to obtain access to new markets and technologies. France's considerably expanded science and technology budget and the integration of research into the Ministry of Industry are key factors in this strategy.

The French are, however, too dependent on foreign products in certain areas to close their doors on imports. For example, 66 per cent of microcomputers and 61 per cent of terminals sold in France in 1980, were imported. Also, of the 36,000 word processors operating in France in 1981, most were imported. The major manufacturers of word processors installed at the end of 1981 were IBM, Olivetti, Rank-Xerox, Wang, AES, CPT, Wordplex and Philips.

Large users of data processing equipment are often public concerns and thus, they tend to favour the domestic industry. But, about 60 per cent of the purchases are made by private companies, among which the small and medium-size firms seem to be very dynamic, with a 7-per cent average growth annually. It just happens that Canada's strengths lie particularly with small business systems, word processors and graphic displays which are marketed with particular emphasis on small and medium-size independent businesses in which the proprietors are the decision makers.

More than $145 million worth of data processing and electronic office equipment (or about 16 per cent of total exports for this sector) were shipped to Western Europe in 1981. Canada's domestic computer firms have selected Europe as a priority export market. The EEC countries, in particular, represent the third largest market for computer products after the U.S. and Japan.

The marketing strategy focuses on areas where the Canadian industry is more heavily represented, notably terminals including CRT display, data collection, graphics and portable computer systems designed for specific applications, i.e. word processing, business management, and so on.

The Canadian Computer Industry

Canada's data processing industry has experienced a phenomenal growth. In 1981, industry revenues exceeded $4 billion and increased at a rate of about 22 per cent. Two main subsectors accounted for this growth: equipment sales and rental revenues (more than $3 billion) and service revenues (more than $1.5 billion).

Several hundred companies are directly engaged in generating computer equipment sales. These companies supply a variety of products including microcomputers, large mainframes, peripherals and software for mini and microcomputer systems. Worldwide sales of computer equipment and automated office equipment by indigenous Canadian firms exceed $300 million annually.

Although the Canadian market for computer equipment is largely supplied by imports, this is balanced to some extent by the high export rate of domestic production. In 1981, the total production of data processing and office automation equipment by all firms (Canadian-owned and branch plants) in Canada was valued at more than $900 million. More than 90 per cent of this production was exported to overseas markets. Although the majority of these foreign sales were made by the Canadian subsidiaries of U.S. multinationals, Canadian-owned firms sold more than two-thirds of their computer equipment in export markets.

The major factor contributing to the soaring levels of Canadian exports in computer equipment has been the high degree of rationalization taking place in the production of computer hardware by foreign-owned subsidiaries in Canada. With government encouragement, Canadian plants of multinational firms have secured worldwide mandates for a particular product or product line. This has spurred the growth in production of equipment which meets international requirements. Recognizing the favourable economic environment and taking advantage of Canada's highly-skilled labour force, certain foreign parent firms have elected to develop and manufacture new computer products in Canada. Although the multinational com-

panies do play an important part in this sector, there are a growing number of Canadian-owned firms which have established themselves successfully in the market. These companies have developed excellent capabilities in software, data communications and specialized hardware products, primarily in terminal equipment and small business systems.

The Canadian-owned firms can be classified as small to medium in size, since most have annual sales of less than $10 million. These firms have generally chosen not to compete with multinationals in the production of general purpose computers, but have instead concentrated on the design of innovative products which meet needs not fulfilled by other equipment. Generally, such products cover a wide range of applications and incorporate the latest in microprocessing technology.

The following capabilities have met with particular international success:

- Canadian-designed word processing systems;
- personal microcomputers;
- small business microcomputer and minicomputer systems for financial houses, hospitals, libraries, restaurants, manufacturers, etc.;
- "intelligent" terminals, especially those suited to graphics, computer-aided learning and industrial data collection. A special high-resolution terminal has been developed for "Telidon" applications;
- data communication products developed to link computers to data networks, including packet switching;
- proprietary software packages in data base management, file retrieval, and "user friendly" software productivity tools;
- desk-top microprocessors for financial management applications in small businesses.

Recent Canadian Marketing Activity

Several of the more aggressive Canadian firms have already penetrated the European market. Each year, the Canadian government sponsors a stand at a major European electronics show at which eight to ten computer equipment firms are invited to exhibit. In 1981 and 1982, Canadian firms participated in the Salon International de l'Informatique, Télématique, Communication, Organisation de Bureau (SICOB) in Paris.

A number of Canadian firms have gained acceptance of their products in the French market and are actively involved in expanding sales and services. A.E.S. Data Ltd., the best known Canadian computer equipment firm in France, markets its word processing machines through its agent SMH-ADREX. Micom products are sold under the brand name of the parent company, Philips. Other Canadian firms, notably Northern Telecom, Comterm, Gandalf, Mitel, GEAC, Systemhouse, Quasar, Volker-Craig, Memotec and Electrohome are also present in the French marketplace. It should also be mentioned that service companies such as I.P. Sharp and Hamilton are recognized in France (see Table IV for export statistics).

Market Considerations

In this fast-developing field, tariffs are not a significant impediment but non-tariff barriers (e.g. procurement regulations) control access to the very large computer and telecommunications market. This evolving market does not yet present a problem of standards compatibility. The major requirements for continued sales of computer equipment are quality and performance, provided that the price is competitive. All import/export documents must be in French.

In the videotex field, the French technology (ANTIOPE) and the Canadian technology (Telidon) have not yet penetrated each other's territories, but have collided head-on in numerous other markets. Each technology has obtained some successes, but in general, results are still inconclusive.

The Canadian view is that both countries, and probably others as well, would benefit from an agreement on a truly international or supra-national standard. This would enable users in all countries to share the contents of all available videotex data bases. At present, this is not possible, although recent events, such as the development of a dual mode alpha geometric/alpha mosaic decoder by Austria's MEC MUPID Electronic Gmbh. will facilitate at least a measure of mutual database accessibility.

Canadian firms have made some marketing impact on the computer sector in France. However, a great deal of educational work remains to be done to promote Canadian capabilities.

The distance to France is not a major limiting factor, in view of the experience of the U.S. and Japan who are successful foreign suppliers to the French computer industry. The products should be shipped directly from Canada to French distributors and dealers. For representation, the Canadian supplier should seek a distributor or good software house with branch operations throughout France who can service the equipment.

The Competition and Competitor Activity

Canadian companies will face increasing local competition as the French government is providing massive help to the industry in order to recoup its domestic market and expand its share of the world market. The major competitor for the time being is the U.S. which takes up the larger share of imports (about 50 per cent compared to the closer competitor, Germany, with 16 per cent)[1].

(1) These percentages are based on 1981 imports of data processing machines and exclude typewriters, calculators, etc., where Japan is the leading exporter.

The Action Plan

The following activities are planned to pursue the goal of increasing Canada's share for computer products in the French market:

a) Participation in the international fair SICOB (in Paris) in 1983 and 1984; support of Canadian companies which obtain space at the 1983 and 1984 fairs in Hanover, F.R.G.; (FELA/DEP/ Embassy, Paris/Consulate General, Hamburg)*

b) Companies with complementary products will be encouraged to improve their market impact by working together in approaching the French market; (FELA*/Embassy, Paris)

c) In close co-operation with Canadian firms, develop more precise data on market potential for the specific peripherals manufactured in Canada; (FELA)*

d) Utilization of PEMD-B and PEMD-F to support market identification and sustained export market development by Canadian firms. (FELA/DEW)*

2. FISHERIES PRODUCTS

The Opportunity

Although France has a long maritime history, it is a major importer of fish. Declining landings in recent years and increased consumption have had to be met by greater imports. The French import/export deficit has been increasing by an average 7.5 per cent annually between 1971 and 1979. In 1981, imports amounted to slightly more than $1 billion (U.S.) and exports to about $325 million.

French consumption increased some 4 per cent per year from 1974 to 1978 when, for the first time, imports exceeded domestic production. The per capita consumption, which is one of the highest in the world at about 21.5 kg, is expected to reach 23.5 to 24.1 kg by 1985 when the population will reach 57 million (according to the United Nations Food and Agricultural Organization (FAO)).

Retail sales of fresh fish are an important factor in the marketplace, influenced in the long term by the price difference between fish and meats as well as by supply capability. The hotel/restaurant sector seems to be thriving despite rising prices of fish and seafood; customers appear oblivious to escalating costs of "eating out".

Trade in frozen products continues to increase with the main items being frozen fish fillets and portions for the hotel, restaurant and institutional (HR & I) trade. Second are frozen fish, whole or in portions (fillets/slices/chunks), for retail sale and lastly, prepared dishes ("plats cuisinés"), also for the retail market. Retail sales of frozen foods should increase still further as refrigeration facilities improve in France. One possible factor that could reduce demand, however, is consumer resistance to marked price increases. Continued increase in consumption also depends on trends in the HR & I market which is thought to account for up to 40 per cent of prepared foods and perhaps as much as 80 per cent of the frozen foods volume.

In general, demand for fish and seafood in France will continue to grow, though at a slower pace for the entire market and product range. As the base volume is large, the potential is worth tapping. It is also felt that the higher-priced luxury species will be in increasing demand, almost assuredly surpassing the rate of increase for more common species, particularly in the HR & I and fresh retail trade. Frozen boneless portions and fillets, depending on their price differential with meats such as beef, pork and poultry, will continue to increase in popularity with the institutional market.

With demand for fish rising in France at a time when the French fishing fleet's ability to maintain traditional levels of landings is uncertain, there seems to be a good possibility for increased Canadian sales.

Salmon is expected to continue being a major Canadian export. With no indigenous production, France relies on imports from the U.S. and Canada for its smoking and frozen trade and, from Britain, Ireland and Norway for its fresh trade. The Pacific salmon is particularly appreciated for its quality and is sought for smoking.

French cod production decreased by 50 per cent during the early 70s and Canada has ample supplies to fulfill import requirements.

As the French are among the world's largest consumers of shellfish, considerable potential exists for increased exports of lobster, shrimp, crab and shelled scallops with roe. Lobster, particularly, has an excellent potential for increased market share — if it can replace the traditional langouste of which France imported some $48 million in 1980; imports in 1978 were only about $200,000. With maximum consumer acceptance and available supply, the French market for lobster could reach $62 million by 1985.

Major opportunities for Canadian exporters do not stop at the products mentioned here. There are possibilities in France for the majority of species commercially caught in Canada. Canadian exports already include a wide variety of freshwater fish, dogfish backs, monkfish tails, skatewings, squid, herring, eels, hake, salt cod, Greenland turbot, plaice, capelin, halibut and other flat fish. Other products, such as B.C. clams, periwinkles and sea urchins, are in demand and could be exported from Canada.

Finally, there are possibilities for sales of Canadian fish to Africa and other third markets through French firms. A chapter entitled *Co-operation with French Firms in Third Countries* dealing with the potential, the approach and action plan, can be found on page 28.

The Canadian Fishery Industry

The Canadian fishery consists of Atlantic, Pacific and inland sectors which are distinct from one another in size and organization as well as in species caught, technology applied, products sold and markets

* Refer to the Glossary of Abbreviations, page 42

served. Together, in 1982, the industry produced a landed value of more than $830 million and a product value of $1.93 billion. Of this, 83 per cent (nearly $1.6 billion) was exported, making Canada the world's leading exporter of fishery products for the fourth consecutive year in terms of value. Of this export volume, 55 per cent went to the U.S., 16 per cent to the EEC, 7 per cent to other European countries, 15 per cent to Japan and the balance to a number of smaller or less developed markets in other countries.

There is a sizeable foreign (mainly Japanese) debt capital investment in the Pacific coast fishery but equity ownership and control is Canadian on both coasts. In several instances Canadian companies have established sales offices and even processing subsidiaries abroad.

i) *The Atlantic Fishery*

East Coast Fish Landings in 1982

Species	Thousands of metric tonnes	Landed Value ($ millions)
Cod	515	192
Other groundfish	301	97
Herring	143	27
Mackerel	16	4
Other fin fish	44	20
Scallops	65	60
Squid	12	2
Lobster	23	112
Other shellfish	69	61

The above quantities, particularly of cod, will increase substantially over the next few years and, in doing so, will overtax the ability of Canada's traditional markets to absorb them. Canada's East Coast fleet consists of about 150 large trawlers (longer than 30 metres) that operate year-round and more than 30,000 smaller vessels that conduct a seasonal inshore or midshore fishery.

The processing industry is characterized by a few large plants which generally operate year-round and about 600 small plants (70 canneries, 270 freezing plants and an equal number of curing plants) distributed along the coastline and generally seasonal in operation. The latter processes the landings by the inshore fisherman of the immediate area. Production is mainly done by 10 large and medium-size companies that account for more than 65 per cent of total Atlantic Coast production. There are more than 48,500 registered fishermen and 47,000 plant workers (full and part time) employed by the Atlantic fishing industry. For many communities the fishing industry is the only employer. Between 10 and 12 per cent of the value added by all the manufacturing and processing industries of the Atlantic Region comes from the fishery.

The processing operations, in general, are not technologically sophisticated and the next major change is going to be an emergence of secondary processors or manufacturers of fish-based consumer products, first for the domestic market and then for the export markets.

From a study of the Atlantic fisheries industry, some major changes, particularly in the structure of the industry, can be expected to take place.

ii) *The Pacific Fishery*

Salmon is the mainstay of the British Columbia fishery, with herring (for roe extraction) second in importance. Over a three-year (1980-1982) average, annual total landings were about 140,000 tonnes (43 per cent salmon) with a product value in excess of $245 million.

The Pacific processing industry consists of three large companies, one of them co-operative, and a number of medium and smaller-size companies operating more than 100 plants. Canning is the main processing operation, followed by freezing, smoking and roe-extraction operations. In 1982, there were 8 groundfish plants producing mainly frozen fillets and blocks. More than 40 per cent of the West Coast production is sold domestically. Export markets for salmon are principally France, Britain, United States, Japan, Australia and New Zealand.

iii) *Inland Fishery*

Canada's freshwater fishery is relatively small, slightly in excess of 57,000 tonnes and with a landed value of about $50 million in 1982. The principal species are whitefish, pickerel and smelt. Exports are mainly to the United States with markets also in Europe and, for smelts, in Japan.

The fishery is centred around the Great Lakes where a number of private companies operate and in Winnipeg where a Crown corporation, the Freshwater Fish Marketing Corporation, handles processing and marketing services for the independent commercial fishermen from Northwestern Ontario to the Rocky Mountains.

Recent Canadian Marketing Activity

The Commercial Division at the Embassy in Paris has been closely monitoring the market for fish products in France and is actively involved in promoting the sale of Canadian products. It is worth noting that the Program for Export Market Development (PEMD) has been extensively used by Canadian exporters of fish products who have been developing the French market in recent years.

In the ongoing promotion of Canadian fish products, the following activities took place:

- In 1978, 28 Canadian firms took part in a show/seminar in Paris and several other European cities;
- In August 1979, an incoming groundfish buyers' mission was brought over from France;

- In 1979, a worldwide fisheries marketing study was published. This study, which was revised in 1980, was a joint effort by Fisheries and Oceans, Industry, Trade and Commerce and private industry;
- In November 1980 and again in 1982, more than 20 Canadian fishing companies participated in the Salon International de l'Alimentation (SIAL) in Paris;
- In December 1981, a French television promotional package for Canadian lobster was jointly funded by a Canadian supplier, the French buyer and the Department of Industry, Trade and Commerce.

Furthermore, several Canadian firms are represented in the marketplace. Two companies have established offices there, while a larger number have retained agents to handle their affairs.

Activities such as those described above have provided considerable information and knowledge on the French market.

Canadian Success Stories

Even though sales of Canadian herring have substantially dropped since 1978, the increases in cod and lobster exports have kept Canada's total exports to France in excess of 15 thousand tonnes, worth $72.5 and $74.1 million in 1980 and 1981 respectively (see Table V).

The establishment of local offices by major Canadian companies signifies long-term commitment to the French fish market and will no doubt contribute to increased Canadian success in this particular sector. One East Coast company that recently opened an office in Paris increased its sales of frozen fish by more than 500 per cent in a year. Recently, a significant first sale of dried capelin was concluded. Prospects for further orders are encouraging.

Market Considerations

Tariffs and market regulations impede access to the French market. The member states of the EEC Commission jointly negotiate protection of fish stocks and conclude bilateral agreements. Canada has recently negotiated a long-term agreement (LTA) with the EEC that resulted in tariff reductions for certain species on fixed quantities. Even with the reductions, Canadian products are still facing heavier duties than Iceland's and Norway's products.

The Common Fisheries Policy, ratified in January 1983, could affect the market by changing the price structure for fisheries products and the price of fish products in relation to alternative products and bring recourse to measures such as the reference price system that could directly affect Canadian exports. Due to its membership in the EEC, France would be required to adhere to this reference price system which would govern import price levels from third countries. For certain species, this reference price will likely represent the minimum price at which exporters must sell their product.

Health regulations and specifications are numerous. Canadian exporters must be knowledgeable of quality and labelling regulations in France and must adapt their products to French tastes and requirements. Product texture, colour and flavour should be consistent, with each species being properly handled through the distribution chain. The product is expected to be as close to "natural" as possible in terms of freshness, appearance and presentation. There is an increasing use in France of the Total Volatile Basis Test (TVBT) to measure the freshness of products. (The Commercial Division of the Canadian Embassy in Paris can assist exporters in obtaining relevant documentation on laws and regulations pertaining to fish imports in France).

Recent actions by the French government will have a significant impact on Canadian exporters. In 1981, a system of exchange controls was introduced, resulting in a situation where letters of credit cannot be paid until the product has arrived in France. Furthermore, French importers cannot purchase foreign exchange in advance to cover possible currency fluctuations between the French franc and Canadian dollar. In certain instances, Canadian exporters of fish products could increase sales possibilities by agreeing to quote prices in French francs.

In October 1982, the French government announced that all import documentation for shipments must be submitted in the French language. This includes commercial invoices, insurance certificates and transportation documents. At the present time, French authorities have only applied these regulations to commercial invoices. However, Canadian companies are advised to ensure that all documentation accompanying shipments is in French.

For purposes of presentation, retail packs vary in weight from 200 to 500 grams and occasionally 1,000 grams; packages are mainly 200 to 400 grams; freezer centre packs are mostly polyethylene bags containing up to 2 kg; individually quick-frozen fillets are usually 1 or 2 kg packs (polyethylene bags or hermetically-sealed cartons with cellophane windows) for freezer centre market; the hotel, restaurant and institution trade uses frozen portions widely but requirements vary according to the type of establishment. Breaded and portioned products are preferred in 50-gram portions packed 8, 10, and 20 to the pack, with 72 per cent fish content. These are found mainly in self-service stores. Prepared dishes are bought mostly in "hypermarchés" and large self-service stores where the consumer can combine price with one-stop shopping. Packs must list quantity and type of fish in prepared dishes and should have cooking instructions and warn against refreezing. The name of products, country of origin, net weight (metric), date of freezing (where appropriate) and estimated shelf life must be displayed on the outer carton.

Finally, exporters should be aware of the complex French distribution system, i.e. numerous middlemen with the extreme end being the fish buyer or importer, retailer or HRI operator. Fresh fish has the

shortest route: fishermen — mareyeur (wholesale fishmonger) — distributor — restaurant trade. Imported products, particularly frozen, may be channelled through an agent, broker, importer wholesaler, refrigerated centre, secondary wholesaler and retailer. The trend toward fewer middlemen has seen products imported by a supermarket chain or central buying unit on their behalf. It is up to the exporter and initial contact in France to identify the necessary links in an effort to try to minimize prices.

The Competition

The French government is attempting to reduce the deficit in fish trade and to stop the decline in French landings by 1) negotiating, in the framework of the EEC's common fisheries policy, access to European waters; 2) negotiating access to territorial waters of third countries; and 3) promoting fish farming. It is unlikely that these avenues will have, in the immediate future, an important effect on reducing present levels of imports.

Competition in the existing market and future increased imports into France will come from Norway, Denmark, Iceland and Faroe Islands among others, with Iceland and Norway, in particular, enjoying preferential access and constituting a considerable threat to Canadian fish products. The Common Fisheries Policy will, of course, favour fish caught by EEC member countries.

The Action Plan

As the structural problems of the Canadian fishery are resolved, Canadian firms should examine the feasibility of joint ventures with French companies taking into consideration Canadian foreign investment and fishery regulations. These regulations include the obligation that fish caught by foreign vessels be processed in Canada and that foreign investment should not include vessels with foreign crews. Canadian firms should also examine the feasibility of taking equity in processing, distribution, and marketing operations in other countries.

Canadian success will depend mainly on quality, price, tariffs and, to a large extent, on marketing. In order to assist Canadian producers and exporters in improving the penetration of the market, it is planned that:

a) Regulatory developments in the EEC and France, which affect the access of fish products to France, will be closely monitored and strategies for consultation with the French to ensure best terms for Canadian fish products will be prepared; (Embassy, Paris/BREEC/DEW)*

b) Better market awareness be promoted by making Canadian exporters more knowledgeable about the requirements of the French fish market, e.g. quality and labelling, pricing, distribution channels, regulations and product presentation; (Embassy, Paris/EFCP)*

* Refer to the Glossary of Abbreviations, page 42

c) Co-pack agreements and long-term contracts with French wholesalers and processors will be promoted and facilitated; (Embassy, Paris/EFCP)*

d) Exporters make maximum use of the assistance provided by PEMD-Food to develop their export markets. In particular, PEMD assistance will be useful for market identification, incoming buyers, test marketing and trial shipments; (DEW/EFCP)*

e) The possibilities for marketing non-traditional species in France and for marketing fish in Africa and other third markets (see Chapter 7) through French-based companies will be evaluated and promoted; (Embassy, Paris/EFCP*)

f) Canadian exporters, with the assistance of trade officials in Paris, will develop penetration in the southern part of France (Lyon and Côte d'Azur areas) by organizing special Canada days (including product-tasting sessions) in hotels and institutions; (Embassy, Paris/EFCP)*

g) Future participation will be undertaken at key trade fairs such as ANUGA, (in Germany), in 1983 and SIAL, in 1984; (EFCP*/Consulate General, Hamburg/Embassy, Paris)

h) The production in Canada of vacuum-packed products and the use of European-type packaging will be promoted and facilitated. (EFCP)*

3. PACKAGING AND LABELLING EQUIPMENT

The Opportunity

During the last decade, the French packaging industry achieved a rate of growth whose average exceeded that of the manufacturing sector in general — 4.5 per cent as against 3 per cent. Even though the domestic industry is very healthy and has doubled its exports, imports into France have, nevertheless, grown three-fold in the 1970s. By 1982, French imports of packaging machinery totalled approximately U.S.$176 million. It is expected that the growth trend for packaging and labelling equipment will continue well into the 1980s, due to the increased demand for prepacked goods, particularly in the food and drink and pharmaceutical industries.

The change in packaging trends which took place between 1970 and 1980 shows the production of plastic packaging more than doubled, with an annual growth rate of 8.2 per cent; glass packaging increased by 5.2 per cent yearly; metal by 4 per cent; paper and cardboard by 3 per cent; and wood by 2.1 per cent. Jute is being replaced by polypropylene. French packaging equipment manufacturers have been less affected by the generally depressed conditions in other industrial sectors. Constant demand by large-scale consumer outlets for better and more economical conditioning equipment has been an added stimulant to competition and market sales.

* Refer to the Glossary of Abbreviations, page 42.

The conditioning and packaging of hygienic and pharmaceutical products continued in 1981 to be the most important after the food sector. However, for the first time in many years, growth has been almost non existent (0.4 per cent). Export sales also diminished slightly. Although the packaging industry continued to be closely associated with the food and drink sector, consumer demand slowed during 1981 to 0.9 per cent. A growth of 1.2 per cent is estimated for 1982.

Sales of domestic household equipment dropped by 0.4 per cent in 1981. Glass production for packaging dropped by 6 per cent; plastics also by 6 per cent; steel sheet by 5 per cent; and, paper and cardboard by 2 per cent. Short-term forecasts tend to predict slightly better growth in the food and drink sector but little change is foreseen for the other sectors.

The best possibilities for Canadian manufacturers of packaging and labelling machinery appear to be in the wrapping of bread, biscuits, cakes and dairy products, the packaging of pharmaceuticals, cosmetics and meat, as well as soft drinks and beer — where French manufacturers are technically behind North America, Germany and the Netherlands. An important point to note is that the machinery presently in use in France is aging and 50 per cent of the machines are more than 10 years old.

Although Canada's exports to France amounted to only U.S.$178,000 in 1981 (down from $305,000 in 1980 but up from $8,000 in 1975), there is no reason to believe that the U.S., which is the third ranking supplier to France, is in a more competitive position than Canada.

The Canadian Industry

The Canadian labelling and packaging machinery industry is comprised of more than 85 companies, of which only about 10 per cent could be considered to be medium to large in size, i.e., with more than 100 employees. The industry is located primarily in the large urban centres of Ontario and Québec where markets, supplier inputs, and skilled labour are concentrated.

Subsidiaries of foreign, predominantly U.S.-based companies, comprise roughly 15 per cent of the number of firms manufacturing labelling and packaging equipment in Canada. In general, these subsidiary operations, which have rationalized production with their parents, have complete export autonomy for those items produced in Canada.

The diverse and sophisticated nature of demand which characterizes labelling and packaging equipment markets in Canada and around the world, has led to the development of a highly-specialized domestic production capability. Production of labelling equipment in Canada ranges from printing, slitting, die-cutting, counting, re-winding, and inspection machinery to pressure-sensitive glue, and thermoplastic label-applicating machinery as used in the food processing, pharmaceutical and beverage industries. Canadian packaging equipment supply capability for various industrial and commercial applications includes:

- aseptic packaging systems;
- liquid and dry-product filling systems for bottles, bags and pouches;
- bottle-capping and cleaning systems;
- case-forming, opening and sealing machines;
- cartoning machines;
- blister packaging, thermoforming, and heat-sealing machinery;
- pouch and bag form-fill seal machines;
- shrink, skin, stretch-wrap and pallet-wrapping equipment;
- vacuum-forming, strapping, and taping machinery.

Canadian labelling and packaging equipment has gained wide international acceptance on the basis of its advanced technology, price competitiveness and quality.

Production of labelling and packaging equipment in Canada has increased at an average annual rate of 15.4 per cent from $7.1 million in 1970 to more than $34 million in 1981. The industry is highly export-oriented, with exports traditionally accounting for upward of 90 per cent of total industry shipments. Exports have realized an average annual growth between 1970 and 1981 of 16.4 per cent, reaching $33.5 million in 1981. The U.S. represents the major export market for packaging equipment, absorbing in 1981 some $22.5 million (67 per cent) of the industry's export sales. Exports to Europe have historically accounted for approximately 15 per cent of the industry's exports. In addition, packaging equipment has been exported to a wide variety of other markets including Japan, South Africa, Australia, New Zealand and Mexico.

Recent Canadian Marketing Activity

To date, Canadian marketing initiatives for labelling and packaging equipment have not focused on any particular country market in Europe; rather, they have been aimed at achieving a broader regional or international exposure. In this regard, Canadian producers have participated actively since 1975 in Canadian government-sponsored international fairs held in Europe.

Canadian companies have exhibited at the Interpack fair in Düsseldorf, West Germany in 1975, 1978 and 1981. In 1980, 15 companies participated in the Pakex fair in Birmingham, England. These fairs generated close to $3 million on-site sales, with an additional $35 million in subsequent sales.

Canadian Success Stories

As mentioned earlier, the Canadian exports of labelling and packaging machinery to France have been marginal to date. A few Canadian firms, however, have taken action to remedy this situation: Langen and Sons Ltd., Arpeco Engineering (printed labels), Pamco Ltd. and Stackpole Machinery have establish-

ed agencies in France. Polysar is directly involved with a participation in Monoplast that has seven factories in France, making food and beauty products packaging.

Market Considerations

There are no significant barriers to trade with France in this particular sector. Customs duties for packaging equipment are in the area of 5 per cent and the value-added tax (VAT) is generally 18.6 per cent.

The French market can be approached in a variety of ways, ranging from direct sales through various forms of licensing to local manufacturing. Some of the more common approaches are:

- Importer/distributor who marks up 15 to 20 per cent on the price to the concessionaire who, in turn, marks up 30 to 35 per cent on the price to the end-user;
- Commission agent working on a 5 to 10 per cent commission, depending on the equipment, but there are no hard and fast rules;
- Partial manufacture by a local manufacturer who would sell the completed equipment through his sales network;
- Manufacture under license;
- Own manufacturing and/or sales subsidiary.

International trade fairs are often ideal for establishing contacts with potential French agents. Once a representative is found, it is important for the Canadian manufacturer to regularly visit him on his home ground. It is also highly recommended that, at the same time, visits be arranged to potential clients. These visits will help dispel the myth that distance creates insurmountable difficulties in communication.

Canadian firms should ensure that sales literature and technical documentation are written in French, that the products conform to metric standards and incorporate dual voltage controls (i.e. 220 and 380 volts and 50 cycles). Potential customers have a wide range of domestic and foreign suppliers to choose from and the fact that an instruction manual or repair booklet is not available in the French language could deter the client from buying a Canadian machine.

Since October 1982, there is a requirement that all export/import documentation be in French and, although this rule is not fully enforced to date, it is suggested that exporters ensure that all their shipping and insurance documents, as well as commercial invoices, be in French or contain a French translation.

The Competition

The French packaging and labelling industry, which supplies 30 per cent of the market, consists of many small and medium-size firms. However, in order to compete more effectively with foreign manufacturers, efforts have been made to restructure the industry by persuading the smaller firms to join larger groups.

The leading foreign supplier is West Germany with approximately 40 per cent of the import market, followed by Italy with 24 per cent. The U.S., Switzerland and Sweden are the other principal exporters.

The Action Plan

Canada's marketing strategy must reflect the diverse and highly-specialized nature of Canadian supply capabilities as well as the broad and changing spectrum of equipment requirements. With this in mind, initiatives to promote Canadian exports to France would best be directed at continued participation — under Canadian government sponsorship — in events realizing a European-wide exposure, followed by personal visits to strengthen contacts made at these events.

The following specific actions are planned:

a) Support of Canadian labelling and packaging companies through exhibits at key international shows in Europe, i.e., Interpack (West Germany) and Pakex (Britain); (DEW/GMEE)*

b) Continue to make known the existence of the Paris Packaging Show and assist Canadian visitors to the Show; (Embassy, Paris)

c) Increase utilization of PEMD, in terms of market identification, participation in trade fairs and incoming buyer missions as a follow-up to participation in international and regional packaging exhibitions; (GMEE/DEW)*

d) Update technical brochures relating to Canadian capability in labelling and packaging equipment; (GMEE)*

e) Manufacturers will be encouraged to use the conference room at the Embassy for film showing or other promotional activities addressed to French buyers or importers; trade officials at the Embassy will assist in the planning and organization of those activities. (Embassy, Paris)

4. ENERGY PRODUCTS

The energy policy of France contains opportunities for Canadian coal and long-term possibilities for Canadian Arctic natural gas. Opportunities for the latter, however, are dependent upon its successful development and export to Europe must ultimately meet with the policy and approval of the federal government.

France, as did other industrialized countries in the two decades prior to 1973, moved toward almost unbridled increases in petroleum usage. The oil shock of 1973 caused a brutal re-think of this approach. This demonstration that supplies could be cut off, followed by an almost unbroken spiral of increasing oil prices, led the French government to initiate a policy leading toward reduced dependence on petroleum supplies and greater equilibrium among energy sources in the supply equation. France intends that, by 1990, petroleum will represent no more than a one-third share (compared to about

* Refer to the Glossary of Abbreviations, page 42

50 per cent in 1981) of its total energy utilization. The government also intends to reduce total energy consumption. (The Mitterrand government has since lowered its previous objectives for the 1990 Global Energy Consumption Program). In the policy of spreading requirements over a number of energy types, the most important gainers will be nuclear power, coal and natural gas.

Nuclear power, which provided only about 12 per cent of primary French energy needs, is targeted to contribute 26 to 28 per cent by 1990. Coal and natural gas clearly will continue to play very significant roles in the energy supply equation over the next decade.

Canada has already made some initial steps toward becoming a supplier of coal to France. Arctic natural gas has yet to be shown economically feasible for development and export to Europe but, if this does prove to be so, Canada should be in a position to entertain supply to France of this product also. Both of these specific opportunities are discussed in further detail below. With regard to opportunities in industrial co-operation, the reader is referred to Section 7, page 31.

I. COAL

The Opportunity

Discussion of the market for coal must make a distinction between the two types of utilization: for thermal or for metallurgical purposes. In the case of France, the primary opportunity is for exports of thermal coal. However, should the steel industry, which accounts for about 30 per cent of total coal consumption, regain its strength, there are medium to long-term prospects for some contracts for coking coal in France.

Forecasts of French thermal coal demand for the 1980s indicate two trends. First, thermal coal demands overall will remain essentially stationary during the decade. (Table VI shows the evolution of domestic production and importation of coal since 1900.) The second trend is the gradual decline of coal use by the utility sector and the increasing use by the industrial sector, where coal utilization by the cement and other industries is forecast to more than double. The expected industrial shift to coal will depend on a combination of two factors, namely the success of government programs to encourage conversion to coal, coupled with the expectation that the real cost of oil will continue to rise as a long-term trend.

French coal production, which was 56 million tonnes in 1960, has rapidly declined to 15 million tonnes in 1981. It is expected to stabilize at about this level although the French government has placed heavy emphasis on the need to increase domestic coal production.

Current demand is divided between 15 million tonnes for the coking coal market, 28 million tonnes (including 2 million tonnes brown coal) for electricity generation, 0.5 million tonnes for the cement industry and 8.5 million for other sectors. Demand by the electricity sector is forecast to drop to 25 million tonnes this year, 20 million tonnes in 1985 and 15 million in 1990. The cement industry will have virtually completed its conversion to the utilization of coal by 1985 with requirements estimated at 3 million tonnes annually.

Coal demand by the so-called "other" sectors is forecast to show the most dramatic increase from 8.5 million tonnes in 1979 to 9.5 in 1982, 14 million in 1985 and 21 million tonnes in 1990. Included in this sector would be industrial and commerical users other than the cement industry, residential users, and coal required for new gasification uses. It must be said that, while this group shows the largest projected increases, estimates are also subject to the greatest degree of imprecision.

The Republic of South Africa, Poland, the U.S., Australia and the Federal Republic of Germany have been important suppliers for coal imports in the last few years (Table VII). Uncertainties and supply limitations in some or all of these countries suggest that there are likely to be changes in the relative and absolute importance of these countries as sources for French coal requirements. Expressed interest in Canadian coal properties and recent visits of French coal officials suggest that Canadian coal may supply some of France's thermal coal needs in the 1980s. French interests already have minor equity positions in two mining operations in Northeastern British Columbia and one in Alberta. These ownership positions are manifestations of French government policy to encourage and intensify participation in mines outside of France. The objective is to command a production outside of France of some 10 million tonnes per year.

The Canadian Industry

Coal is mainly exported from Alberta and British Columbia to markets in the Far East, South America and to a very modest extent, Western Europe. Limited tonnage (approximately 5 per cent) originates in Nova Scotia. The industry can be considered in two main sectors: 1) coking coal for coke making in steel works, and 2) thermal coal for power stations and industrial heating. The latter is the type most relevant to this sector opportunity.

After a decline in the 1950s and early 1960s due to a transition to petroleum throughout the economy, Canadian coal production has recovered and increased steadily to reach a total of 40.1 million metric tonnes in 1981. Estimates of coal resources in Western Canada, where it is believed 93 per cent of Canadian resources are located, indicate over 200 billion tonnes including all types. The resurgence of coal production over the past decade has been paralleled by a vast change in mining, transportation and marketing for the various types of coal. The supply situation has strengthened greatly in Western Canada due to major expansions. In the next few years, several additional mines will come into production. These will contribute to achieving production for the latter 1980s of some 60 to 70 million tonnes

per year. More distant markets are becoming economically obtainable as a result of technical improvements in production and transportation, in combination with the advances of competitive energy sources.

In 1981, Canadian coal was shipped to 18 countries including the Far East, Latin America and Europe as indicated in Table VII.

Recent Canadian Marketing Activities

Canadian deliveries of coking and thermal coal to France have remained very modest until now. These sales have been "spot" amounts generally below 100,000 metric tonnes per year. However, the recent visits of French coal officials to Canada have underlined the interest already manifested through the acquisition of equity positions. It must also be mentioned that one of the leading steel groups in France, Usinor, has taken a 5 per cent participation in a feasibility study on the Saxon project in British Columbia. Should the conclusions of this study be favourable, it is almost assured that Usinor will participate in the exploration.

Recent Canadian Success Stories

The International Trade Databank indicates that French imports of coal from Canada in 1981 were valued at U.S.$1.366 million (c.i.f.) while imports in 1980 were nil.

In 1981, Électricité de France signed a five-year contract with Union Oil of Canada for the purchase of 575,000 tonnes annually of thermal coal produced in the Obed-Marsh mine of Alberta. This will represent approximately $40 million per year at today's dollar value. Deliveries are expected to begin in 1983-84. In addition to this contract, Charbonnages de France is committed to deliveries of 200,000/300,000 tonnes/year from the Quintette coal production in B.C..

Market Considerations

The French government has a policy to diversify its geographic sources of coal. Although not currently a major supplier, Canada, with its stable political environment, is an attractive candidate for sharing in France's import requirements.

Nevertheless, the principal impediment that Canada faces in the French market relates to the location of its coal deposits. While competitive at the mine site, Canadian coal is less competitive at French ports than that of its principal competitors. The cost disadvantage is strongest for thermal coal, which fetches a lower price than metallurgical coal and hence carries a proportionately larger freight burden. The necessity for freighters to pass through the Panama Canal limits them to a maximum capacity of 50 to 60,000 tonnes. This places the Canadian coal at some disadvantage relative to those other shipments that can be carried in very large bulk carriers from South Africa and Australia. Coal from Eastern Canada (Devco), while closer to the European market, is significantly higher in sulphur. This difficulty is compounded by the modest tonnages that could be made available for export in the short term, though this barrier will likely be removed in the longer term as major expansions are planned by Devco over the next few years.

Market Peculiarities

French coal production and a large part of coal consumption are regulated by government or semi-government organizations: production is totally controlled by Charbonnages de France; the utility and steel sectors are either directly or indirectly controlled by the national government; but the cement industry, and other coal-using or potential coal-using industries, are for the most part controlled by the private sector.

France is unique among western European nations in its coal-purchasing procedures in having one central organization that handles all coal imports: A.T.I.C., the Association technique de l'importation charbonnière, is a national organization set up during World War II to co-ordinate and centralize the procuring of French coal requirements. It represents all coal consumers in France, purchasing coal in overseas markets and selling c.i.f. French ports to consumers, agents or traders. It signs contracts for and purchases coal on the advice of final consumers and acts as an agent and coal distributor. It also invests in shipping and coal ports (having some equity in French facilities and coal terminal facilities at Rotterdam)(1) and is considering equity participation in several coal mine projects in the U.S. and Australia.

In addition to this centralized purchasing organization there are numerous groups (Électricité de France, Charbonnages de France, coal agents, etc.) who are also actively involved in the development of supply contracts for French and other European coal consumers.

Environmental Regulations

Coal quality considerations will likely become more important in future French procurement strategies. This will be especially true for the heavily urbanized areas where pollution is already a problem. While relatively high-sulphur coal had been imported in the past, specifications obtained from Électricité de France suggested that for electricity generation, sulphur levels of not more than 1.8 per cent are preferred.

Emission standards are likely to be especially important for the industrial sector, which is forecast to experience the greatest growth in France during the 1980s. The costs of meeting strict environmental standards for this sector would be particularly important because of the small scale of the facilities. Ash disposal may also be a problem for some industrial coal users.

(1) A.T.I.C. is also associated with a project for a large coal terminal at Le Havre.

The Action Plan

France intends to encourage investments and participation in coal mines situated in politically and economically stable countries. Considering Canada's abundant resources and the absence of export controls, efforts should be made to maximize trade in this area and encourage French investments in Canada in the light of Canada's policy on foreign investment. It is therefore planned that:

a) Trade officials in Paris monitor the coal demand in France as well as the French government's plans for energy reconversion and investments and provide timely reports to the Canadian industry;

b) Trade officials in Paris will continue to be in contact with potential French coal resources investors(1) and organize missions to Canada;

c) A comparative study on transportation costs of coal from Canada to France be undertaken; (GRPI)*

d) Potential Canadian investors interested in co-participation, will be contacted and introduced to French counterparts. (Embassy, Paris)

II. NATURAL GAS

The Opportunity

The French market potential for Canadian natural gas could very well evolve with the prospect of exploitation and transport by tankers of the Canadian Arctic's reserves.

In 1981, natural gas accounted for 14 per cent of the total energy consumption in France. It is expected that natural gas consumption will reach 17 per cent by 1990. Actual and projected utilization by volume in 1979, 1985 and 1990 are respectively 23, 30 and 42 million tonnes (Oil Equivalence). Domestic production accounted in 1981 for 25 per cent of the total French requirements; the balance was imported from the Netherlands (32 per cent), Algeria (15 per cent), the U.S.S.R. (14 per cent) and the North Sea (10 per cent).

It is estimated that, barring other finds, domestic resources originally estimated at 280 million tonnes (Oil Equivalence) will start to decline in 1985 and will dry up by the end of the century. There does not appear to be any serious short-term problem, however, as existing reserves and committed deliveries, principally from Algeria, are sufficient to afford France some relief until the anticipated increase in deliveries from Norway, the U.S.S.R., and other sources.

It is expected that the multi-nation contract with the U.S.S.R. for the supply of Siberian natural gas will bring to France up to 10 billion cubic metres yearly which would account, by 1990, for 32 per cent of the total French imports of natural gas. It should be noted that the French government remains concerned over its dependence on the level of imports from Algeria (23 per cent) and the U.S.S.R. (32 per cent) by 1990. Other projected sources of supply, notably North Sea and Nigeria/Cameroon are not meeting production schedules.

The Canadian Potential

It is French policy to diversify sources of energy imports. For France, Arctic gas could be an important supplement to current supplies. Since 1978, France has registered interest in the Arctic Pilot Project (APP) in several bilateral talks. It was raised by Premier Barre in February 1979, when Prime Minister Trudeau announced the signing of an initial contract with Technip, a French firm specializing in liquefaction, and the possibility of France-Canada co-operation on tanker technology was also mentioned (see chapter on Industrial Co-operation). In February 1981, Gaz de France made a specific offer to Petro-Canada, involving proposed exports over a 20-year period. The project was also raised by the French during Energy Minister Lalonde's visit to Paris in January 1982 and on Prime Minister Trudeau's visit in November 1982.

The Arctic Pilot Project is designed to demonstrate the economic and technological feasibility of year-round shipping of liquified natural gas (LNG) from the Canadian Arctic in ice-breaking tankers. The sponsors (Petro-Canada, Nova, Dome and Melville Shipping) propose to produce 225 million cubic feet per day on Melville Island, liquefy it and ship it by LNG tankers to markets. Project sponsors are discussing currently the sale of gas to Europe with several European gas distribution companies. Public hearings, conducted by the National Energy Board (NEB) on the APP, were adjourned on September 1, 1982 pending clarification of eventual markets.

The Action Plan

The future export of natural gas to Europe and France in particular, is partly dependent upon economic and policy considerations not always related to marketing. The action plan must thus be limited to a close and constant surveillance by the Canadian officials in Paris, of the evolution of the French energy market, with a view to providing timely information to government officials and private companies concerned. Contact will continue to be maintained by the Embassy with Gaz de France the sole importer and distributor of gas, as well as with the Gas and Electricity Branch of the Ministry of Industry. It is also important to keep officials of these two groups apprised of the evolution of the Canadian government's decision vis-à-vis the export of natural gas to Europe.

5. AUTOMOTIVE PARTS

The Opportunity

The French automotive industry performed with good results in 1982, relative to other countries' automotive sectors. For 1982, France saw new registrations increase by a total of 12.1 per cent. No other

(1) Charbonnages de France, Comega and Total Énergie Développement (CFP, Total Group) being the most likely ones

* Refer to the Glossary of Abbreviations, page 42

European country has experienced such growth in this sector.

Renault dominated the French market in 1982 with 39.2 per cent of the market, followed by Peugeot and Citroën. In total, 69.4 per cent of the cars registered in France were of French origin, whereas 30.6 per cent of the market was controlled by foreign companies (an increase from 28 per cent in 1981). This increase of imports was due mainly to the aggressiveness of foreign companies as well as to some difficulties of French manufacturers to meet the demand. It should be noted, however, that a 3 per cent quota limits the entry of Japanese cars in the French market.

The automotive sector is of major importance to the French economy. Of all the major French exporters, Peugeot had, in 1981, the best performance with sales totalling 28.7 billion FF, followed closely by Renault with 25.6 billion FF.

In addition to its dynamism in historical markets, the French automotive industry is aggressively pursuing market opportunities in North America through alliances and agreements in order to obtain well-established dealership networks, such as American Motors' network for Renault cars, and Mack Trucks' for Renault's medium-size trucks.

The Original Equipment Manufacturers

The best opportunity for the Canadian industry is for the supply of parts to original equipment manufacturers (OEM). Any analysis of Canada's relationship with OEM's has to take into account the fact that, although there are possibilities for competitive sales, the most distinct opportunities will originate from the Autopact Agreement and the Duty Remission Program. The Autopact affects Canada's sales to Renault-America and indirectly encourages Renault suppliers to establish themselves in North America. It must be pointed out that past sales experiences to American Motors by a number of Canadian suppliers should afford them a possibility to capitalize on sales to Renault-America within the framework of the Autopact which, in turn, gives them an ideal springboard for exports to Renault-France.

Although Renault seems at this time to offer the best potential, the Peugeot-Citroën group should not be ignored as it provides a small but growing outlet for Canada's industry and its efforts to source in Canada (due to the Duty Remission Program) are heartening.

The French OEM's purchase approximately $4 billion worth of parts annually. This figure excludes the in-house content which accounts for approximately 50 per cent of French automobiles. Currently, 3 to 4 per cent of OEM parts in any automobile are imported. Approximately half of these imports are due to compensation and offset agreements.

The Aftermarket

The French automobile aftermarket, estimated in 1983 at about $5 billion, offers some opportunity for Canadian manufacturers of automobile parts and accessories. There are more than 22.5 million vehicles currently in use in France: 19.8 million private cars, 2.7 million trucks and 61,000 buses. About 80 per cent of these vehicles are French and 20 per cent are foreign, with European makes in the majority. The average age of vehicles in use is approximately six years and average spending per car is about $360.

The primary opportunity in the aftermarket is in the replacement parts for *non-branded products*. Canadian firms will likely find difficulties in penetrating the replacement market for branded parts controlled by Renault and Peugeot-Citroën distribution channels. In part, this is because French and European firms accept lower returns on sales of OEM parts to automakers and maximize on sales of replacement parts through the established channels.

The accessories market is very price conscious and the decline of the franc will make it more difficult for Canadian firms to compete in these items. Nevertheless, there exists some potential for sales by Canadian exporters, including the small firms. Approximately 50 per cent of this aftermarket is controlled by Renault and Peugeot boutiques. They offer the largest distribution channel for accessories in France. The balance of the market, called "private market", is controlled by small private shops, department stores, supermarkets and gasoline stations. It is worth noting that the Peugeot organization has recently made efforts to locate Canadian accessories, which it plans to wholesale to supermarket chains, to fulfill its Canadian purchase requirement under the Remission Program.

Industrial Co-operation

The transfer of technology and the development of co-operation projects in new technologies will be reviewed in this plan. This particular aspect is the subject of a separate cross-sectorial study in Chapter 7, page 31.

The Canadian Automotive Industry

The automotive industry in Canada can be divided into three distinct groupings: the vehicle manufacturers, the original equipment parts manufacturers (OEM) and the aftermarket parts manufacturers (AM). There is an overlap between these groups, with vehicle manufacturers producing parts in-house and with certain parts manufacturers producing for both the OEM and AM.

Approximately 50 per cent of automotive parts production is carried out in-house by the vehicle manufacturers. About 20 per cent of parts produced by independents is manufactured by subsidiaries of eight large multinational corporations (Borg-Warner, TRW, Budd, Kelsey-Hayes, Eaton, Rockwell, Bendix and Hayes Dana).

The vehicle industry in Canada is largely composed of subsidiary operations of North American automobile manufacturers (GM, Ford, Chrysler). Vehicles produced are mainly shipped to the North American

market and exports to countries other than the U.S. are minimal.

This export development plan focuses on marketing prospects for parts and accessories suppliers, particularly for the smaller independent firms. This group is composed of approximately 2,000 companies in Canada, often small and Canadian-owned, which manufacture original equipment and/or aftermarket parts. About 85 per cent of these companies are located in Ontario, 10 per cent in Québec and the balance mostly in the prairie provinces and British Columbia. The Ontario firms are situated along the Toronto-Windsor corridor and manufacture about 95 per cent of aftermarket parts.

Canadian parts and accessories production in 1981 was more than $4.3 billion in total. Production of aftermarket parts was about $700 million. More than 80 per cent of all parts produced were exported, largely to the U.S. The parts industry is limited in the range of products that it manufactures but is internationally competitive and sells products throughout the world.

Recent Canadian Marketing Activity

Automechanika, in Frankfurt, which is held biennially on even years, is the major European fair for aftermarket parts and accessories and draws potential clients from other European countries, including France. Canada's most recent participation was in September 1982, when 25 Canadian manufacturers exhibited; on-site sales totalled $475,000, and $9.7 million projected sales were generated. The next fair will take place in September 1984 and Canadian participation is once more anticipated.

In May 1981 and 1982, the government sponsored exhibits at the SITEV Geneva show. Nine Canadian firms participated in the latter show, which generated about $2 million projected sales. This fair is oriented towards the OEM, and affords Canadian companies the opportunity to meet with French vehicle manufacturers.

Early in 1982, officials from Renault visited Canada and met with the Automotive Parts Manufacturers' Association in an attempt to increase Canadian parts sourcing.

Canadian Success Stories

To date, in the OEM market, Duplate and Canadian General Electric are enjoying some success. In the aftermarket, Thrush, Tridon and Certified have gained recognition in the French marketplace. Table VIII shows that, in 1982, Canada's exports of automobile parts amounted to $3.2 million worth of parts which accounted for slightly less than one-tenth of 1 per cent of Canada's total parts exports (including engines and parts thereof).

Market Considerations

There is no specific policy of import limitations of automotive parts and accessories from Canada, nor are there any sigificant trade barriers. Automotive parts imported from outside the EEC are subject to the common external tariff. The rate of duty on automotive parts is 10.1 per cent ad valorem and the value-added tax (VAT) on most automobile products is 5.5 per cent or 18.6 per cent. Since 1982, all documentation must be in French. Although Customs is enforcing only part of this rule, i.e. commercial invoices, it is suggested that exporters ensure that all documentation, including insurance and transportation documents, be in French or contain a French translation.

The close working relationship between French suppliers and automakers is a key informal barrier. Additionally, differences in European and North American standards and the costs of modifying the equipment to meet French standards and OEM's specifications, represent a sizeable hurdle for the Canadian suppliers to overcome.

One of the current major hurdles is the weakness of the French franc vis-à-vis the dollar.

The Competition

The primary competitors are, of course, the French parts suppliers. The domestic vehicle and parts industry is very strong, having invested heavily in research and development. Also, an important source of competition originates from compensation agreements automakers have signed with various countries. The agreements have the effect of sharply limiting the open competitive market. Renault and Peugeot groups predict that, by 1990, approximately 10 per cent of OEM purchases will be from foreign countries in order to fulfill compensation requirements which support French exports.

Germany is the leading foreign supplier of various automotive products and holds about 40 per cent of the import market. The strength of the German position can be explained by the following factors:

- a significant portion of German parts exported to France is used for local servicing of German automobiles and trucks;
- important co-operation agreements, such as the Man-Saviem agreement for truck engines, exist between France and Germany;
- three large groups, Bosch, Zahmrad-Fabrik and Teres (an ITT affiliate), dominate exports to France. These firms are large-scale concerns with a high-technology and competitive edge and are thus able to effectively penetrate the French market.

Italy holds second place, accounting for 13 per cent of imports. Italian parts are shipped to UNIC, a French truck manufacturer controlled by IVECO, an Italian concern. Also, a large share of replacement parts are shipped to service Italian vehicles in France.

Britain and Spain are in third place, each with 10 per cent of the market. Imports from Belgium (about 7 per cent) and Spain are due either to French automakers' investments in these two countries or are related to compensation agreements.

The U.S. represents about 5 per cent of the import market. Sales are made up of parts for American cars in Europe, specialized parts such as turbocompressors and parts imported for Ford assembly lines in Europe through French ports.

The Action Plan

Emphasis will be placed on establishing a working relationship between Canadian suppliers and French automakers. This will involve continued encouragement for participation in international and regional fairs allowing exhibitors to show their goods and make initial contacts. Further, Canadian manufacturers will be encouraged to make personal visits with the assistance of PEMD to OEM's and non-branded products distributors and wholesalers.

To meet the above objectives, the following activities are planned:

a) Trade officials in Paris will expand contacts with purchasing services of Renault Véhicules Industriels (RVI), manufacturers of trucks, buses and military vehicles to apprise them of Canadian capabilities;

b) Trade officials in Paris will organize and participate in speaking luncheons in Lyon for purchasing executives and other senior officials of RVI in order to encourage the acceptance of Canadian imports to France;

c) In order to build interest in Canada and in Canadian auto parts, articles will be placed in a key French automotive magazine; (Embassy, Paris)

d) Canadian participants in key fairs in Europe will be encouraged to complement their participation by visiting France with the assistance of PEMD-B (market identification) and/or PEMD-F (sustained export market development); (FAMR)*

e) Canadian manufacturers and exporters will again take part in the SITEV show in Geneva in 1983 and 1984; (DEW/FAMR)*

f) Examination of the possibility for manufacturers of auto accessories to participate in Equip' Auto Fair, the Exhibition of Motor Maintenance and Car Accessories in October 1983 and 1984, with the assistance of PEMD; (Embassy, Paris/FAMR*)

g) Evaluate the possibility of inviting a group of French buyers to the 1984 Automotive Industries Association Show in Montréal under the Incoming Buyers Program; (FAMR/Embassy, Paris)*

h) Participation of Canadian manufacturers of after-market parts and accessories in Automechanika (Frankfurt) in 1984. Many of the 25 companies who participated in the 1982 show, plus some other promising firms, are expected to attend. (DEW/FAMR)*

* Refer to the Glossary of Abbreviations, page 42.

6. CO-OPERATION WITH FRENCH FIRMS IN THIRD COUNTRIES

This section comprises two separate approaches: (1) co-participation on third-country capital projects; and (2) participation in third-country markets through French trading companies.

I. CO-PARTICIPATION ON THIRD-COUNTRY CAPITAL PROJECTS

The Opportunity

For the past two or three years, a change of attitude has been observed on the part of French companies with respect to co-operation with foreign firms (including Canadian firms) in third-country capital projects. To date, most of the French companies, which have shown an interest, are major engineering consultants and construction companies. These firms are keen on co-operating with important Canadian engineering concerns who could also be project leaders for the supply of Canadian construction equipment and services.

The change of attitude can be explained as follows:

- There is an increasing need for risk sharing (including the provision of adequate credit) with other supplier countries.
- There is acknowledgement of the success of a number of Canadian firms in the traditional markets in francophone Africa.
- French companies have indicated an intent to be introduced to Canada and to other Western Hemisphere markets where Canadians are well entrenched.

French companies, experienced in capital projects work, have traditionally been active in third-world markets, mainly those comprising their ex-colonies, particularly French West Africa. They have been aggressive and successful in other markets of East Africa, the Middle East and Eastern Europe. More recently, they were unsuccessful bidders and lost out to Canadian companies for major projects in the U.S. and Brazil.

The primary opportunities for Canadian consulting firms and equipment manufacturers are in co-operation in Africa where the French have had a solid foothold for many years. French companies were originally concentrated in the old AOF (French West Africa) and North Africa, but, in the past few decades, they successfully moved into other markets, with the result that more than 300 French consulting and building companies are active on the continent. In most of the African markets, French companies can bring, in addition to risk sharing, invaluable knowledge of the market stemming from their permanent presence and their close and privileged ties in most francophone countries.

Canadian firms for their part can bring, in addition to risk sharing, a wide expertise in the areas of transportation, communications, hydroelectricity, forestry and mining, and some experience in third-world countries.

Although the Canadian engineering consultants have more possibilities to co-operate with the French on capital projects, opportunities exist for machinery and equipment manufacturers as well as for prime contractors.

Canadian Capabilities

Canadian companies have shown a strong competitive position in infrastructure projects such as transportation, hydro-power and communications. An important expertise is held also in the design and construction of industrial complexes, notably pulp and paper mills, oil and gas, and other mining areas. There is a limited export capability (albeit a growing one) in other types of industrial complexes, such as petrochemical and chemical, where the French have extensive experience.

The four main Canadian industrial sectors participating in capital projects are:

a) *Engineering Consultants:* In terms of international performance, Canadian consultants have been more aggressive in pursuing capital projects abroad than have manufacturers or contractors. Although major Canadian engineering consultants firms rank among the largest in the world, they do not have an important financial asset base. In general, these firms cannot afford the risks involved in pursuing projects on a turnkey basis, but rather focus on the consulting, detailed design and management of these projects.

b) *Machinery and Equipment Manufacturers:* Although these Canadian firms have a much stronger asset position than Canadian consultants or contractors, they do not generally take the lead in capital projects. Only a few have acted as prime contractors providing both their own and sub-contractor goods and services. Most avoid participation in consortia because of the risk of joint and separate liability and in generål, their involvement in capital projects is limited to a sub-contracting role. About 100 large firms export major capital equipment and components. Of these, nearly half appear to meet the following criteria for acting as prime contractor:

- size
- competitive products and technological advantage
- international experience
- ability to supply major components for a project
- head office support if the firm is a foreign-owned subsidiary.

c) *Project Management/Prime Contractors:* This group includes many large and small commercial and residential building contractors who operate exclusively in Canada. Because of the risk involved and also because a fair number operate as branch plants primarily for the Canadian market, there are few large contracting firms executing capital projects abroad.

d) *Mining Companies:* Several mining and mineral processing companies in Canada have generated some capital projects abroad as investors rather than as participants in consortia.

Recent Canadian Marketing Activity

Major engineering firms in France and Canada have had some contacts with each other, and a fair number of co-operative efforts including joint bids have already been made. Two of the larger Canadian firms have offices in Paris and monitor the potential market closely.

The Embassy has been in contact with a number of important French engineering and construction firms providing them with contacts/sourcing and information on questions of financing.

Impediments and Advantages

Because joint project bidding will generally be on an ad hoc basis, Canadian companies possessing advance knowledge of project planning in third countries will have an edge on the competition. Information on project planning is usually not readily available to firms other than those involved in the initial phases. Potential bidders discovering these projects only when officially announced, will normally face competition which has already attained the advantage.

The markets for capital projects have been dominated by large multinationals. Several of our more active contractors have some degree of French ownership which can provide these companies with a natural and more comfortable affiliation for co-operative ventures in third countries.

Small, lesser-known contractors and engineering firms, with limited experience abroad, will have very little chance of participating in such joint ventures except where highly-specialized capability is required. The French will be looking for proven companies with solid financial background and support.

The French will expect Canadian firms to take their fair share of risk and bring financing. The Export Development Corporation's (EDC) ability to take the lead in arranging project financing may be useful for potential Canadian participants. Also, EDC can frequently offer longer repayment periods that are appealing to French "packagers" of third-country projects.

The Action Plan

Considering the facts that (1) some capital projects cannot be undertaken solely by Canadian firms; (2) there is often a need to share risk, financing and knowledge on major projects; (3) potential French participants may have from time to time an edge on Canadian firms because of advance knowledge, previous experience and/or valuable contacts in the receiving country; and, (4) co-operation in third-country projects will generally be on an ad hoc

basis, the objective of this plan is to increase Canadian participation of consulting engineering firms, contractors and equipment manufacturers with French firms.

To attain this objective, the following is planned:

a) Organization, in 1983, of a joint-venture mission to encourage major European contractors to source in Canada for major overseas projects; (GMEE*/ Embassy, Paris)

b) Trade Commissioners in posts where French companies are most active will put a special emphasis on identifying potential co-participation projects at an early stage; (Posts/DEW*)

c) Officials of the Office of Trade Development — Europe, External Affairs, in co-operation with the appropriate Industry Sector Branches of ITC/ DREE*, will inform potential Canadian participants, within the shortest possible time, of selected trade opportunities identified by Trade Commissioners;

d) Maintain and increase contacts with French consulting engineers, contractors and associations in order to keep them updated on Canadian industrial and financial capabilities; (Embassy, Paris)

e) Where Canadian capabilities are lacking in the undertaking of major Canadian-identified projects, recommend suitable French companies for partnership. (Embassy, Paris)

II. PARTICIPATION IN THIRD-COUNTRY MARKETS THROUGH FRENCH TRADING COMPANIES

The Opportunity

Ever since the colonial era, there exist in France numerous French trading companies who have well-established distribution channels in third countries. Nowhere is this phenomenon more evident than in Francophone Black Africa where the successors to the "comptoirs" now distribute a wide range of industrial and consumer products from heavy equipment, trucks and automobiles to nuts, bolts and cat food.

Whether because of competition or more likely opportunities, the French trading companies did not remain static but expanded into other countries outside the French influence. Nigeria is a prime example of such movement where major French trading companies are now well established. Main traders such as SCOA, CFAO, Brossette, OPTORG, sourcing a large part of their products from France, have certainly played a major role in the French trade balance surplus with African countries.

Opportunities also exist in co-operation with Middle-East-owned agencies based in Paris who have an orientation toward French and European sources.

There is no definite list of products which can be drawn up as the markets are quite open and success will depend on price and quality. For goods destined to mass markets, for example, the price is the most important factor whereas quality takes precedence for luxury items.

Important Canadian trading companies and manufacturers, who offer products which can be purchased in large quantities, would have a definite advantage over small exporters, because of transportation economies of scale.

Market Impediments, Advantages and Considerations

European companies have a definite transportation advantage over Canadian firms, not so much with freight costs, as with regularity and frequency of services. Most trading companies, either because of tradition or because of their lack of knowledge of Canadian supply capabilities, prefer to buy in Asia, Europe, and France in particular.

As a rule, French traders are reluctant to deal with trading houses because of the need to discuss specification requirements and quality control with the manufacturers as well as, of course, the higher unit price.

The primary advantage for Canadian companies in dealing with French trading companies and Middle East agencies is to tap very large markets through a well-established distribution system, thereby cutting down on expensive and time-consuming trips.

Recent Marketing Activity

Trade officials at the Embassy in Paris have initiated contacts with a number of French trading companies and Middle East firms based in Paris.

The Action Plan

One of the major objectives is to make French trading firms and Middle East agencies aware of the Canadian products available and facilitate the contacts between potential suppliers and purchasers. To achieve this, it is planned that:

a) French and Paris-based Middle East companies be canvassed, with the purpose of establishing a list of those which are open to trade with Canadian firms. This list will be conveyed to interested Canadian companies; (Embassy, Paris)

b) Invite some of these companies to Canada under PEMD "D", for incoming missions; (Embassy, Paris/DEW*)

c) These companies will be apprised of innovative, competitive and new products manufactured in Canada; (Embassy, Paris)

d) Qualified Canadian companies visiting France with the assistance of PEMD "B" will be encouraged to make contact with French and Middle East companies based in Paris. (DEW/ISB)*

* Refer to the Glossary of Abbreviations, page 42

* Refer to the Glossary of Abbreviations, page 42

7. INDUSTRIAL CO-OPERATION

It is a well-known and accepted fact that investment and participation in a country's economy, especially when they involve a transfer of persons, will favour the development of bilateral trade and improve political and economic relations.

France, as opposed to the U.S., Germany and Britain, has never been an important foreign investor except, of course, in former colonies where it dominated the economy for many years, blocking all foreign competition. But, as explained earlier, France realized a few years ago that it needed to invest in the industrialized world in order to improve its commercial balance, increase exports and obtain much-needed natural resources.

French firms, with few exceptions, have traditionally avoided the North American market which, it was felt, was too complex and distant to offer opportunities for more than the export of traditional products such as wine, perfume and high fashion. Recent successes of Elf-Aquitaine, Renault, Ciments Lafarge, Air Liquide and so on, the introduction of French banks in America, as well as governmental encouragement to have French concerns participate in foreign projects, particularly in the energy sector, prompted other French multinationals, as well as small and medium-size enterprises, to take a closer look at the North American market and to invest in it.

For the French, of course, Canada could be an ideal springboard to U.S. markets. Additionally, France's need for secure sources of energy and the mutual desire between the two governments to increase trade and economic ties, are encouraging factors in promoting industrial co-operation between the two countries.

Direct Investments

French investment in Canada was $656 million in 1978 (the last year for which statistics are available) and represented 1.4 per cent of all foreign investments in Canada, placing France in sixth place of foreign investors after the U.S., Britain, Germany, the Netherlands and Switzerland. In 1978, France was the ninth most-favoured country of destination for Canadian investment with $215 million. The principal Canadian investors in France were Alcan, Polysar, Massey-Ferguson, Inco, Seagrams, Hiram-Walker, Denison Mines, Bata, Campeau, Robert Morse, Cercast, Lavalin, S.N.C. and Velan Engineering. Recently, McCain Foods Ltd. opened a $23 million plant at Lille; Mitel Corp. has invested in a plant at Epinal which will commence production in 1984.

Transfer of Technology

France is a large-scale developer of process technology and new products, spending between the government and the private sector considerable amounts of money on research and development. A certain number of firms seek to sell this technology abroad through licensing agreements and joint ventures when exports are not feasible, or when the firms themselves do not possess sufficient managerial skills or financial strength for direct foreign investment. In recent years the transfer-of-technology approach has been developed with so much vigour in France that a dozen brokerage concerns have been established to encourage the flow of technology abroad.

Canadian and French officials meeting in the framework of the Franco-Canadian Working Group on Industry and Agriculture held on March 30, 1982 and the France-Canada Economic Commission held on April 1, 1982 agreed that forestry products, petrochemicals, robotics, mining equipment and aerospace sectors were the focus of industrial co-operation.

In collaboration with the Post in Paris, the Office of Trade Development-Europe of the Department of External Affairs and sector branches of ITC/DREE, specific areas of interest and projects, which represent important medium to long-term industrial co-operation potential to Canada through direct investments, licensing agreements and joint ventures, were: aerospace, defence, industrial, energy, telecommunications and information processing. It must be borne in mind that most mega-projects included within these sectors will very likely be subject to Canadian government policy considerations. The following is not an attempt to influence these policies, but to show where some of the opportunities exist. It must be pointed out that the sectors and projects described below do not constitute an exhaustive list of opportunities. Potential also exists in other areas notably, machinery, resource, agri-food and off-shore structures.

1. Aerospace

Canada is one of the leading world markets for helicopters (the second largest commercial non-military market) yet there is no domestic facility for helicopter production.

Discussions have been held in the past with numerous helicopter manufacturers. The focus of these discussions has been to encourage the firms to examine Canada as a base for a facility to meet not only Canadian needs, but also those of the world market through such means as a world mandate for certain products or a product line. The second largest helicopter manufacturer in the world, the French firm Aérospatiale, has shown an interest in working with Canadian industry to meet domestic and some world market requirements from their range of helicopters. The Canadian participant could be given a world product mandate or be a sole supplier of the products. It must be pointed out that foreign helicopter manufacturers interested in a Canadian venture are cautioned against necessarily linking their presence in Canada to the National Defence procurement of helicopters (see 2).

Airbus Industries, an international consortium comprising France, Germany, Britain and Spain, announced at the Paris Air Show in June 1981 that it will proceed with the development of a 150-passenger class aircraft identified as the A320. Canadian par-

ticipation in the project is under negotiation with members of the Consortium.

Historically, Canadian companies have contributed to the large commercial aircraft market as sub-contractors in support of the major foreign prime contractors. With the departure of Lockheed from the field (it announced that the production of L-1011 will cease in 1984) and with the sharp reduction in sales of McDonnell-Douglas, Boeing and Airbus are likely to dominate the market in the future.

Should the current discussions with Airbus Industries be successful, participation as a partner by a prime Canadian contractor will create opportunities for Canadian sub-contractors in the industry.

2. Defence Products

International co-operation in this sector has become essential for the French because of the high costs of new technology development and because buyers are essentially national defence ministries. Since the establishment of a Franco-Canadian armament committee for research, development and production (RDP), only one worthwhile co-operation project has been created: France undertook the development of the Infra-Red Line Scan Sensor for the CL-289 surveillance drone — a Canada/German development program. Since Canada/France have compatible defence industries, additional co-operative projects could be pursued by Canada by proposing reactivation of RDP steering committee meetings to review possible military requirements that could lead to co-operative RDP projects.

Two major Canadian projects for which the French have shown a definite interest are on the drawing boards i.e. the Canadian Patrol Frigate Program (CPF) and the SeaKing helicopters replacement.

The CPF is for the procurement of six fully-equipped warships to be procured from Canadian industry within the assigned funding ceiling of $2.6 billion. The successful Canadian contractor will be responsible for selecting equipment and systems for the ships as part of his overall responsibility for managing the program. A number of French firms have submitted bids for systems such as missiles, switchboards and underwater telephones.

There is also the possibility of a Canadian Armed Forces procurement to replace the aging SeaKing helicopters. Although no decision is expected before late 1983 and no procurement, if any, until the latter part of this decade, the contract should offer a large potential for industrial benefits as well as important possibilities for research and development programs.

3. Industrial Sector

There are at least three primary areas where Canadian companies could benefit from the know-how of the French: industrial robots, mining equipment (mainly for coal), and automotive. In addition, a more concrete project, that of Pechiney-Ugine-Kuhlmann, offers an important medium-term potential investment.

i) *Robotics*

France ranks fourth in the development of robotics technology behind Japan, the U.S. and Sweden. At present, Canadian capabilities are low in this area and have only recently begun limited production of industrial robots. The area represents substantial growth potential: it is predicted that by 1990 industrial robots will be a $3-billion a year business in the U.S., a $2-billion business in Japan and a $1-billion business in Europe.

Although the major users of industrial robots include the automotive and heavy electrical equipment industries, it is expected that other areas such as resource processing, assembly operations, metal working and consumer electronic industries, as well as other assembly-type operations will also become major users. The increasing use of industrial robots and other forms of automation will be an important factor in ensuring that we remain competitive in a number of manufacturing industries. Canadian companies could benefit tremendously through licensing agreements or joint venture arrangements with French firms.

ii) *Mining Equipment*

Given extensive coal developments being planned and Canada's intent to encourage industrial and regional benefits spin-offs from such major projects, a promising area for industrial co-operation is underground coal extraction machinery and equipment. Of particular interest to Canadian companies are new manufacturing opportunities for the production of machinery and equipment related to long wall mining methods, especially road headers, coal shearers/loaders, universal plows and shuttle cars.

iii) *Automotive*

The French auto parts industry is very strong and is investing heavily in research and development. The potential for industrial co-operation in automotive parts has never looked so promising since the acquisition of 46 per cent of AMC shares by Renault. The latter has undertaken a program of encouraging transfer of technology from its current French suppliers to Canadian firms. This effort has had modest results to date, but indications of continuing progress have been provided by Renault.

An emphasis is placed on transfer of technology through 1) licensing agreements, 2) joint ventures and 3) direct investments. French companies wishing to enter the North American market are encouraged to consider Canada for investment opportunities because of the benefits they could derive from the Auto Pact, the Duty Remission Program and the duty-free arrangement if they establish manufacturing facilities in Canada.

iv) *Aluminum Smelter*

Pechiney-Ugine-Kuhlmann (PUK), which was recently nationalized, is one of France's leading industrial groups involved in mining, metallurgy, chemicals and nuclear fuels. It is the largest aluminum producer in France and the fourth largest in the world. Pechiney has been seeking suitable new smelter sites, mainly because energy costs and environmental concerns

have had direct impact on a number of the world's established smelters. PUK holds an option on land in Bécancour, Québec, suitable for a smelter and it has negotiated with Hydro-Québec on hydropower costs. During his visit in April 1982, Prime Minister Mauroy witnessed the signature of the electricity contract. Feasibility studies on this $1-billion project have just been completed, and a France-Québec final understanding should be reached in June 1983.

4. Energy Sector

France's intention to reduce substantially its dependence on petroleum supplies and to diversify the origin of energy affords Canada opportunities to benefit substantially in terms of incoming direct investments and transfer of technology. Because the French have become participants in the production of foreign resources (including Canada's), there are mid- to long-term prospects, not only for exportation, but also for co-operation in developing processing technology, among other things. The areas where the French are more prominent in Canada are coal, uranium and natural gas. *(The reader is referred to Chapter 4, Energy Products, for details.)*

5. Telecommunications, Information Processing

The Canadian and French governments admit to the need to keep their respective leadership in the telecommunications and information processing sectors to ensure the viability and vitality of their respective economies. In 1974, Prime Minister Trudeau and President Giscard d'Estaing agreed to improve relations in the telecommunications sector. By February 1977, the Canadian Minister of Communications and the French Minister of P.T.T. agreed in principle to a program of action in five sectors, namely, exchanges of information, personnel exchanges, joint use of one "Symphonie" satellite, interconnection of packet data switching, and industrial co-operation.

Although some sharing of research and exchange of information has occurred (e.g. in computer communications standards and behavioural research as well as the eventual establishment of a Mitel subsidiary), no real breakthroughs in teaming Canadian and French industries or in major sales by Canadian industry in France have been consummated. In effect, the French believe that the Canadian market is protected by the preference of Canadian telephone companies to buy from vertically-integrated manufacturers. While the French market is open, the requirement for P.T.T. technical approval of equipment acts as an effective non-tariff barrier.

With regard to videotex, the reader is referred to Computers and Related Products, Market Considerations, page 16.

In the area of electronic office equipment, the Canadian government has a program to encourage the Canadian industry. The French, for their part, invest heavily in this area in order to avoid total dependence on U.S.-made products. Preliminary contacts between Canadian and French officials indicate that their respective projects could be complementary and, therefore, lend themselves to scientific and industrial co-operation including, standardization of techniques, research on human behaviour, and socio-economic analysis of office productivity.

Competitive Factors

It is evident that for some of the sectors and projects described above, co-operation between Canadian and French concerns will depend on policy consideration by both governments and/or successful proposals by French firms in specific projects. Canada is, nevertheless, confident that all of these sectors may offer prospects for industrial co-operation.

With regard to direct investments, both governments have in place laws and regulations which were established to ensure that any investment will be in the respective national interest. The Canadian Foreign Investment Review Agency (FIRA) is inevitably a subject of concern when serious discussions of industrial development in Canada are undertaken by foreign companies. The creation of FIRA has been a legitimate response to ensure that the evolution of ownership in the Canadian economy reflects the greater interests of Canadians as a whole.

The French, for their part, have an Inter-Ministerial Committee which analyzes most direct investment or acquisition proposals. Foreign investments bringing new technology, know-how, new employment and increased exportation are favoured.

Recent Canadian Promotional Activities

In recent years, the following activities have taken place for the promotion of industrial development opportunities:

- The provinces, which have offices in Europe (Québec and Ontario in Paris; B.C., Alberta, Saskatchewan and Nova Scotia in London), have been actively seeking foreign investors.
- A Canadian business mission on industrial robots travelled to France in 1982 and received an enthusiastic response from the French.
- The Canada-France Economic Commission and its working group on agriculture and industry met and discussed industrial co-operation in early Spring 1982.
- Constant monitoring of France's energy policy as well as its investments in areas of interest for Canada, for the purpose of counselling and, where appropriate, reference to provincial authorities
- Officials at the Embassy in Paris have conducted seminars with various groups in the French automotive sector on possibilities offered by co-operation with Canadian firms.

Action Plan

Both countries are now discussing seriously the potential and mutual benefits to be derived from industrial co-operation. For the purpose of adding concrete action to these discussions, the following action plan has been planned for the next two to three years:

a) The Commercial Division of the Embassy will continue monitoring French policies and plans in order to counsel individual companies and provincial and federal officials;

b) Investment seminars in key cities in France will be organized by the Commercial Division of the Canadian Embassy in Paris. Participation by Industry Sector Branch specialists of ITC/DREE*, representatives of Canadian banks in Paris, FIRA* officials, provincial representatives as well as French businessmen with extensive experience in Canada will be invited;

c) Investment visits to Canada will be arranged; (Embassy, Paris/DEW*)

d) Organize Canadian industrial co-operation missions to promote technological transfers through licensing agreements and joint ventures; (DEW/ Industry Sector Branches, ITC/DREE)*

e) The Commercial Division of the Embassy will keep a constant dialogue with French officials and businessmen and inform them on mega-projects, their requirements and modifications. By keeping the French updated on these large co-operation projects, it will attract their maximum participation; (Embassy, Paris)

f) French auto parts manufacturers will be informed of the advantages of investing in Canada and to take advantage of the Auto Pact and the Duty Remission Program. (Embassy, Paris/FAMR*)

* Refer to the Glossary of Abbreviations, page 42

III. APPENDICES

TABLES

Table I: Canada-France Trade

Year	Exports	Imports	Deficit (−) Surplus (+)
	(millions of Cdn. $)		
1966	84.5	106.7	− 21.9
1967	80.6	130.1	− 49.5
1968	81.4	121.6	− 40.2
1969	128.6	151.8	− 23.2
1970	154.2	158.4	− 4.2
1971	153.1	213.1	− 60.0
1972	151.3	251.0	− 99.7
1973	208.9	326.8	− 117.9
1974	312.3	394.6	− 82.3
1975	342.9	487.5	− 144.6
1976	395.2	439.0	− 43.8
1977	360.2	522.0	− 161.8
1978	459.0	692.9	− 223.9
1979	619.7	778.7	− 159.0
1980	994.8	772.4	+ 222.4
1981	973.3	848.6	+ 124.7
1982	709.5	876.8	− 167.3

Source: Statistics Canada (65-003)
Compilation: Office of Trade Development – Europe (DEP)

Table II: Canadian Exports to France

(millions of Cdn. $)

	1980	1981	1982
TOTAL EXPORTS	994.8	973.3	705.4
MAIN ITEMS			
Other inorganic chemicals (mostly uranium)	144.3	213.3	36.3
Wood pulp	182.6	170.0	145.2
Lumber, resinous	98.6	61.3	47.2
Fish, fresh or frozen	40.1	42.9	42.0
Copper and alloys	43.3	37.8	20.3
Asbestos fibres	40.0	32.7	28.0
Fresh meat	30.0	25.9	23.2
Office machines and equipment	19.9	23.5	21.9
Concentrated iron ore	41.3	23.1	28.8
Other fish products	20.2	20.3	18.5
Zinc in ores, concentrates and scrap	2.9	19.2	14.4
Other telecommunication equipment	12.3	16.6	15.2
Other crude non-metallic minerals	14.6	16.2	20.1
Wheat	14.7	16.1	28.2
Sulphur	12.6	15.8	7.0
	717.4	734.7	496.3

DISTRIBUTION BY CATEGORY OF EXPORT

	1980	%	1981	%	1982	%
Live animals	1.8	0.2	2.9	0.3	3.7	0.5
Food, beverages and tobacco	126.4	12.7	127.6	13.1	129.3	18.3
Crude materials, inedible	158.0	15.9	133.7	13.7	124.7	17.5
Fabricated materials, inedible	577.0	60.0	567.5	58.4	311.4	44.3
End products, inedible	131.4	13.2	137.3	14.1	135.8	19.4
Special transactions	0.2	—	4.1	0.4	0.5	—
	994.8	100	973.3	100	705.4	100

Source: Statistics Canada (65-004)
Compilation: Office of Trade Development – Europe (DEP)

Table III: Canadian Imports from France

(millions of Cdn. $)

	1980	1981	1982
TOTAL IMPORTS	772.6	878.6	877.2
MAIN ITEMS			
Plate, sheet and strip, steel	18.4	61.0	22.4
Non-distilled beverages (wines, mineral water)	67.3	71.7	89.1
Machines for special industries (other)	14.3	42.3	78.7
Transportation equipment	55.5	40.2	20.6
Passenger automobiles and chassis	55.1	39.1	82.8
Books and pamphlets	38.0	31.7	28.5
Other end products, inedible	13.8	21.8	14.2
Distilled alcoholic beverages	27.9	30.3	34.9
Bars and rods, steel	13.2	20.5	22.8
Other personal and household goods	24.1	20.0	19.6
Organic chemicals	15.8	19.2	23.4
Aluminum, including alloys	4.5	15.6	10.7
Kitchen utensils, cutlery and tableware	13.1	15.4	18.3

DISTRIBUTION BY CATEGORY OF EXPORT

	1980	%	1981	%	1982	%
Live animals	0.6	—	0.4	—	0.1	—
Food, beverages and tobacco	130.6	16.9	106.8	12.6	161.3	18.4
Crude materials, inedible	4.8	0.6	5.4	0.6	5.0	0.6
Fabricated materials, inedible	159.6	20.8	250.9	29.6	191.3	21.8
End products, inedible	461.1	59.9	472.1	55.6	504.4	57.5
Special transactions	13.7	1.7	12.9	1.5	15.0	1.7
	770.0	100	848.6	100	877.2	100

Source: Statistics Canada (65-005)
Compilation: Office of Trade Development – Europe (DEP)

Table IV: Computers and Related Products

($000)

Year	Total Canadian Exports*	Exports* to France	% Share of Exports to France
1979	575,710	14,043	2.4
1980	681,974	19,947	2.9
1981	810,552	23,503	2.9
1982	927,388	21,857	2.3

* Source: Statistics Canada (65-004)

Table V: Canadian Export of Selected Species

$000

PRODUCT FORM	FRANCE 1979	1980	1981	1982
SALMON				
Fresh, whole, dressed, Atlantic	—	—	—	
Frozen, whole, dressed, Atlantic	118	—	145	133
Fresh, Pacific	—	6	—	—
Frozen, Pacific	45,861	36,272	39,242	38,532
Canned	1,699	913	3,253	514
TOTAL	47,678	37,191	42,640	39,179
COD				
Frozen, whole, dressed, Atlantic	56	101	152	253
Fillets, frozen, Atlantic	57	841	102	12
Blocks and slabs, frozen	449	1,576	280	944
Salt cod	75	2,338	3,041	2,550
TOTAL	637	4,856	3,575	3,759
HERRING				
Fresh, whole or dressed	—	—	—	—
Frozen, whole or dressed	910	408	25	222
Fillets, frozen	2,445	2,379	598	553
Kippered or smoked	—	8	—	—
Whole, dressed, vinegar-cured	—	—	—	—
Fillets, vinegar-cured	43	24	—	—
Whole, dressed, pickled, NES	454	71	—	17
Split, pickled	99	27	—	—
Fillets, pickled, NES	91	18	20	17
Canned	—	—	—	—
TOTAL	4,042	2,935	643	809
LOBSTER				
Live	—	—	3,555	3,316
Meat, fresh or frozen, chilled/boiled	2,504	631	497	567
Products, canned	744	421	340	353
In shell, fresh, frozen	6,719	7,774	5,329	3,465
TOTAL	9,967	8,826	9,721	7,701
SHRIMP				
Prawns, fresh or frozen	1,364	33	971	1,870
CLAMS				
Fresh, frozen	61	288	323	—
CRABS				
Fresh, frozen	4,021	2,808	2,671	4,331
Canned	7,883	6,543	5,921	4,457
TOTAL	11,904	9,351	8,592	8,788
FRESHWATER				
Fresh, frozen, whole, dressed	1,674	2,281	2,657	2,321
Fillets/blocks, fresh/frozen	1,309	1,463	1,885	1,943
TOTAL	2,983	3,744	4,542	4,264
TOTAL (Selected Species)	78,636	67,224	71,007	66,370
By-products	—	10	237	25
Others*	3,058	5,292	2,906	1,714
GRAND TOTAL	81,694	72,526	74,150	68,109

Source: Statistics Canada (65-004)
* includes all other fish species

Table VI: Evolution of French Production and Importation of Coal

	(million tonnes)	
Year	Production	Importation
1900	33.4	N/A
1913	40.8	N/A
1930	55.0	N/A
1938	47.5	N/A
1945	35.0	6.2
1950	52.5	13.7
1955	57.4	16.7
1958	60.0	19.8
1960	58.3	15.9
1970	40.6	17.6
1971	35.8	16.8
1972	32.7	15.1
1973	28.4	16.4
1974	25.7	21.3
1975	25.6	20.4
1976	23.4	21.7
1977	22.6	23.7
1978	21.2	25.6
1979	20.1	29.9
1980	19.7	32.2
1981	20.1[1]	29.9

[1] 75 per cent thermal coal

Table VII: Origin of Coal Imports

	(million tonnes)				
	1977	1978	1979	1980	1981
EEC	8.237	9.648	10.397	9.814	9.820
from:					
Germany (F.R.G.)	6.963	8.456	9.158	7.816	6.520
Britain	0.801	0.891	0.792	1.478	2.763
Belgium-Luxembourg	0.098	0.182	0.313	0.241	0.390
Netherlands	0.347	0.094	0.109	0.250	0.126
Italy	0.028	0.025	0.025	0.029	0.021
Third Countries	15.548	15.752	19.568	22.411	20.080
from:					
U.S.	1.885	1.491	3.391	7.235	9.518
South Africa	4.935	6.749	8.408	9.182	7.730
Poland	5.070	4.720	4.458	3.449	—
Australia	2.230	1.776	2.406	1.646	1.757
U.S.S.R.	1.235	0.855	0.736	0.781	0.307
India	0.150	0.161	—	—	—
Canada	0.028	—	0.073	0.019	0.020
Morocco	—	—	0.018	0.013	0.022
China	—	—	0.071	0.083	—
Colombia	0.015	—	—	—	—
Swaziland	—	—	—	—	0.028
Vietnam	—	—	—	—	0.026
Others	—	—	0.004	0.003	0.004
TOTAL	23.785	25.400	29.962	32.225	29.900

Table VIII: Automobile Parts (including engines)

Year	Total Canadian Exports*	(000 $) Exports* to France	% Share of Exports to France
1980	$ 3,465,064	3,867	0.11
1981	4,272,870	3,141	0.07
1982	3,921,613	3,213	.08

* Source: Statistics Canada (65-004)

USEFUL ADDRESSES

FEDERAL GOVERNMENT

Department of External Affairs

Western Europe Division (DEW)
Office of Trade Development – Europe
235 Queen Street
Ottawa, Ontario
K1A 0H5
Tel: (613) 995-9401
Telex: 053-3745

Canadian Embassy
35, avenue Montaigne
75008 Paris
France
Cable: CANADIAN PARIS
Tel: (01) 723-0101
Telex: (Destination code 42) 280806
(CANAD B 280806.F)

Other Federal Government Services

The Government of Canada has a number of offices which are able to provide specific information for each priority sector identified in this Plan, including Industrial Co-operation and Third Country Co-operation.

Computers and Related Products

Office of Trade Development (DDP)
Defence Programs (994-4130)
Department of External Affairs
Ottawa, Ontario
K1A 0G2

Telidon Marketing Division (DDS)
Office of Trade Development (994-4445)
Defence Programs (Telex: 053-3745)
Department of External Affairs
Ottawa, Ontario
K1A 0G2

Electronics and Aerospace Branch (EELA and FELA) (993-4481)
ITC/DREE
235 Queen Street
Ottawa, Ontario
K1A 0H5

Fisheries Products

Food and Consumer Products Industries Branch (EFCP) (995-8107)
Fisheries Products Division
ITC/DREE
235 Queen Street
Ottawa, Ontario
K1A 0H5

Marketing Services Directorate (995-2177)
Department of Fisheries and Oceans
240 Sparks Street
Ottawa, Ontario
K1A 0E6

Packaging and Labelling Equipment

Machinery and Electrical Equipment Branch (GMEE) (992-1129)
Secondary and Service Equipment Division
ITC/DREE
235 Queen Street
Ottawa, Ontario
K1A 0H5

Energy Products

Coal

Resource Processing Industries Branch (GRPI) (996-4963)
Industrial Minerals Division
ITC/DREE
235 Queen Street
Ottawa, Ontario
K1A 0H5

Mineral Development Branch (995-1118)
Coal Division
Department of Energy, Mines and Resources
580 Booth Street
Ottawa, Ontario
K1A 0E4

Natural Gas

Natural Gas Branch (995-2500)
Gas Exports Division
Department of Energy, Mines and Resources
580 Booth Street
Ottawa, Ontario
K1A 0E4

Automotive Parts

Automotive, Marine and Rail Branch (FAMR) (995-3314)
Automotive Parts Division
ITC/DREE
235 Queen Street
Ottawa, Ontario
K1A 0H5

Co-Participation in Third Countries

Canadian International Development Agency (CIDA)
Place du Centre
200, promenade du Portage
Hull (Québec)
K1A 0G4

Industrial Co-operation

The list of branches and departments above may be of assistance in their respective fields of expertise. Offices that will be able to provide further assistance in identified areas of potential follow:

Non-Ferrous Metals and Minerals

Mineral Development Branch (995-9466)
Department of Energy, Mines and Resources
580 Booth Street
Ottawa, Ontario
K1A 0E4

Consulting and Services

Service Industries Branch (FSEI)
Consulting Services Division (995-8107)
Construction Division
ITC/DREE
235 Queen Street
Ottawa, Ontario
K1A 0H5

Regional Offices

If you have not previously marketed abroad, contact any regional trade officer of the DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE/REGIONAL ECONOMIC EXPANSION at the addresses listed below:

Newfoundland and Labrador
Parsons Building
90 O'Leary Avenue
P.O. Box 8950
St. John's, Newfoundland
A1B 3R9
Tel: (709) 772-4866
Telex: 016-4626

Nova Scotia
Queen Square
45 Alderney Drive, 11th Floor
P.O. Box 1320
Dartmouth, Nova Scotia
B2Y 4B9
Tel: (902) 426-3458
Telex: 019-22525

New Brunswick
Assumption Place
770 Main Street
P.O. Box 1210
Moncton, New Brunswick
E1C 8P9
Tel: (506) 388-6411
Telex: 014-2200

Prince Edward Island
134 Kent Street, Suite 400
Confederation Court Mall
P.O. Box 1115
Charlottetown, Prince Edward Island
C1A 7M8
Tel: (902) 566-7400
Telex: 014-44129

Québec
Tour de la Bourse
800, Place Victoria
37e étage
Case postale 247
Montréal (Québec)
H4Z 1E8
Tel: (514) 283-6254
Telex: 055-60768

Ontario
P.O. Box 98
1 First Canadian Place
Suite 4840
Toronto, Ontario
M5X 1B1
Tel: (416) 365-3737
Telex: 065-24378

Manitoba
400-3 Lakeview Square
185 Carlton Street
P.O. Box 981
Winnipeg, Manitoba
R3C 2V2
Tel: (204) 949-2381
Telex: 07-57624

Saskatchewan
Bessborough Tower
Room 814
601 Spadina Crescent East
Saskatoon, Saskatchewan
S7K 3G8
Tel: (306) 665-4318
Telex: 074-2742

Alberta and Northwest Territories
Cornerpoint Building
Suite 505
10179 – 105th Street
Edmonton, Alberta
T5J 3S3
Tel: (403) 420-2944
Telex: 037-2762

British Columbia and Yukon
P.O. Box 49178
Bentall Centre, Tower III, Suite 2743
595 Burrard Street
Vancouver, British Columbia
V7X 1K8
Tel: (604) 666-1434
Telex: 045-1191

PRIVATE SECTOR

Canadian Export Association
Suite 250, 99 Bank Street
Ottawa, Ontario
K1P 6B9
Tel: (613) 238-8888
Telex: 053-4888

Canadian Manufacturers' Association
Export Forum, 14th Floor
1 Yonge Street
Toronto, Ontario
M5E 1J9
Tel: (416) 363-7261
Telex: 065-24693

International Division
Canadian Chamber of Commerce
200 Elgin Street, 3rd Floor
Ottawa, Ontario
K2P 2J7
Tel: (613) 238-4000

Canada-France Chamber of Commerce
9–11, avenue Franklin-Roosevelt
75008, Paris
France

France Chamber of Commerce (in Canada)
1080, côte du Beaver Hall
Pièce 826
Montréal (Québec)
H2Z 1S8

PROVINCIAL OFFICES IN FRANCE

Ontario House/Maison de l'Ontario
109, rue du Faubourg Saint-Honoré
75008 Paris
France
Tel: 563-1634

Maison du Québec
Délégation générale du Québec en France
66, rue Pergolèse
75116 Paris
France
Tel: 502-1410

GLOSSARY OF ABBREVIATIONS

BREEC	— Brussels — European Economic Community
CIDA	— Canadian International Development Agency
CRT	— Cathode Ray Tube
DEA	— Department of External Affairs
DDO	— Overseas Division, Office of Trade Development, Defence Programs, DEA
DDS	— Telidon Marketing, Office of Trade Development Defence Programs, DEA
DEP	— Office of Trade Development — Europe, DEA
DEW	— Western Europe Division, Office of Trade Development Europe, DEA
DITC	— Department of Industry, Trade and Commerce
EDC	— Export Development Corporation
EELA and FELA	— Electronics and Aerospace Branch, ITC/DREE
EFCP	— Food and Consumer Products Industries Branch, ITC/DREE
FAMR	— Automotive, Marine and Rail Branch ITC/DREE
FIRA	— Foreign Investment Review Agency
FSEI	— Service Industries Branch, ITC/DREE
GATT	— General Agreement on Tariffs and Trade
GMEE	— Machinery and Electrical Equipment Branch, ITC/DREE
GRPI	— Resource Processing Industries Branch ITC/DREE
ISB	— Industry Sector Branch of ITC/DREE
ITC/DREE	— Department of Industry, Trade and Commerce/Regional Economic Expansion
LTA	— Long-Term Agreement (on fisheries)
MFN	— Most Favoured Nation
MTN	— Multilateral Trade Negotiations
OEM	— Original Equipment Manufacturer
PEMD	— Program for Export Market Development, DEA
PMD	— Projected Map Display
PTT	— Poste, Téléphone et Télégraphe (France)
RDP	— Research, Development, and Production Agreement

Canada

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